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Life Insurance Edition

FRIDAY, DECEMBER 31, 1937

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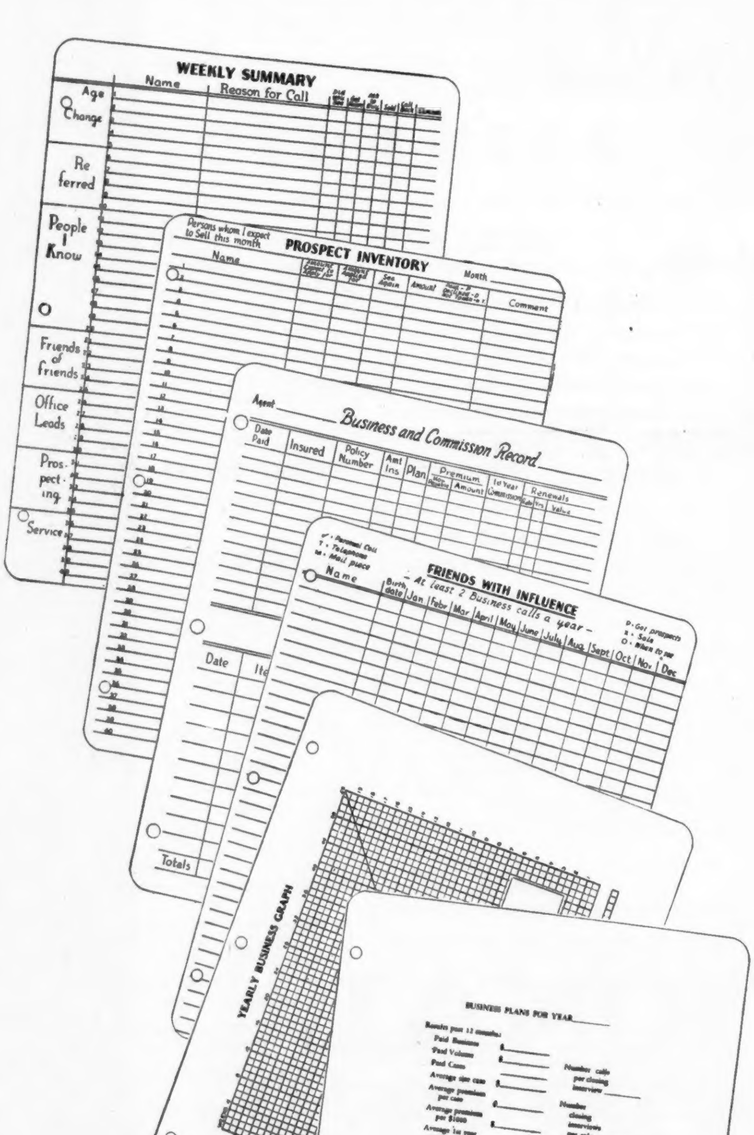

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Higher Education Should Supplement Managers Work

Agent, in Fuller Development, Needs Collateral Knowledge, Says Wood

ATLANTIC CITY—A number of suggestions for the improvement of agency training were given by J. Harry Wood, manager of general agencies for John Hancock Mutual, in a paper presented at the annual meeting of the American Association of University Teachers of Insurance here.

Develop the ability of the managers along training and teaching lines, he advised.

Continue to stress the development of technique more and more, without sacrifice of essential knowledge. That automatically requires that more time be employed in preliminary training.

Organize for continued training and education in later months and years.

Supplementing Manager's Work

College courses, he suggested, should not be prepared for the purpose of doing the manager's job, that of preliminary formal training. There is a definite place, however, he said, for special courses in that field where the manager is not expected to function, that of carrying on instruction and the learning process so that the agent will develop and proceed to higher production levels.

Inasmuch as the job of the manager is to develop technique, according to Mr. Wood, the colleges courses should provide ideas, information and knowledge.

In the full development of an agent, even more important than a grounding in the mechanics or mathematics of the policy, is a working knowledge of other fields, professions and businesses which will permit the agent to diagnose and prescribe.

Don't Focus on Dull Wits

If agents of high ability are to remain interested, the course cannot be geared to the level of the lowest group. Judgment must be exercised in drawing up requirements for enrollment.

About 20 years ago a few companies started correspondence courses for new agents, Mr. Wood recalled. Usually the lessons were sent out from the home office and the answers to the examination questions were returned to the home office.

Such courses went out of style in the middle '20s, he declared. About that time some companies established so-called educational departments. The home office instructor would go to an agency to give a course for new or experienced men, or both, lasting for a week or two. However, this type of training has lapsed into disfavor. Likewise has the system of bringing the new man to the home office been abandoned.

These plans were all at fault, accord-

(CONTINUED ON PAGE 9)

Companies Together Yet Apart in Options Move

NEW YORK—New and restricted settlement option provisions which many leading companies are getting ready to announce or have already promulgated will be quite widely adopted but will still leave practices fairly far from uniformity. Intercompany conferences of actuaries have discussed at length what should be done.

A tentative schedule of changes was drawn up. But not every carrier has favored every item of the proposal and there are certain to be modifications of many points when they are finally announced. However, these reservations should hinder only to a slight degree the main purpose of the intercompany movement on modes of settlement, which is to prevent the companies from getting their necks out so far as to involve losses of the nature that have resulted from income disability. New York Life, Prudential, Metropolitan, Mutual Life of New York and Guardian of New York have adopted the proposed program substantially.

Tentative Program Given

Following are the provisions discussed by the intercompany conferences of actuaries:

1. If the settlement agreement is elected by the insured and provides for income to go to a secondary beneficiary on the death of the primary beneficiary, any remaining money shall be paid in a lump sum and not as income. This is the "two lives" rule. Some lawyers interpret the New York law and those of certain other states as meaning that a life company is barred from doing more than this, anyway, although others hold that if the third beneficiary is a minor at the time of the secondary beneficiary's death, income may legally be continued till the third beneficiary reaches age 21 and then any remainder must be paid as a lump sum.

2. If the settlement option agreement is not selected by the insured but by the primary beneficiary, the secondary beneficiary will not be permitted to receive the remainder as income, except for remaining installments certain. With this exception, payment of any remainder must be in a lump sum. This rule has been criticized as putting the company out on a limb in case of a dispute among heirs or beneficiaries after it has made the lump sum settlement indicated under this provision. However, this hazard is not regarded as particularly serious.

Interest Accumulation Barred

3. Except during the minority of a beneficiary, there shall be no provision for accumulating interest. Most companies follow this rule, anyway, as there is a New York statute barring accumulation of interest except during a minority, and while no one knows for certain whether it applies to life insurance, a good many companies go on the assumption that it might be so interpreted.

4. No agreement shall be written providing for a beneficiary to have the right to elect a life income settlement of a guaranteed amount in place of a different settlement if this right to elect would extend more than one year beyond the date of the insured's death. Where the policyholder makes no provision for a mode of settlement, the beneficiary must make her choice within one year from the insured's death if she wants a life income settlement of a guaranteed amount.

Curbs Adverse Selection

The purpose of this is to cut down adverse selection. It is quite a common practice for agreements to be drawn up with the idea that the beneficiary will have the proceeds on the interest-only basis, perhaps with the right to withdraw, and then change over to a guaranteed life income option when she reaches an age where the annuity option is definitely the better buy. Actuaries don't know how serious this form of adverse

(CONTINUED ON PAGE 15)

Longevity Research Plan Is Considered by "Millionaires"

Plans for longevity research under auspices of the Million Dollar Round Table, in order to tackle the problem of deaths among larger policyholders due to high pressure living, are going along steadily under direction of Jack Lauer of Cincinnati, chairman of the Round Table. Prior to starting on a three weeks' trip to Cuba, Mr. Lauer reported avid interest in the work among large case producers. This is the group, he said, which encounters the most concrete underwriting handicaps, for their clients are largely members of that financial stratum most seriously affected by the high-pressure living.

The committee which Mr. Lauer was empowered to appoint for preparation of a cooperative plan will be announced shortly. Meanwhile the plans are being developed through unofficial discussions among geographically centralized members of the Round Table. Mr. Lauer said the field men through their experience should be able to bring a worthwhile contribution to research work conducted by more academic agencies.

Policyholder Recreation

He noted the practice of several well-known members of the Round Table of conducting annual outings for policyholders, and expressed belief that a practical plan could be evolved along this line for the guidance of individuals desiring to organize policyholder recreation periods throughout the year.

Charity should begin at home, he said. The daily schedule of most million dollar producers would stand substantial revision in the direction of enhancing longevity.

Upon return from Cuba, Mr. Lauer will meet with his research committee and assist in preparing a report which will provide one of the main topics at the Round Table's mid-year meeting at Richmond in March.

Educators Discuss Need of Incentive in Insurance Study

Stimulating Interest of Young Men in Courses Main Theme at Atlantic City

By R. B. MITCHELL

ATLANTIC CITY—The problem of getting young men in fire, casualty, and life companies to interest themselves in insurance educational courses when their thoughts lie mainly along what appear to be more practical lines was the principal topic of discussion at the annual meeting of the American Association of University Teachers of Insurance here this week.

J. V. Herd, vice-president Fire Association of Philadelphia, stressed the desirability of saving money and energy by steering young men on the right track before their induction and afterward. He told of a young man who applied to his company for a job. Mr. Herd asked him why he had taken a course in insurance at the university. The youngster said he had not wanted to but that his father had insisted on it, that he had also taken a course in forestry and had worked the previous summer in a CCC camp and would prefer a career in forestry to anything else. Mr. Herd told him his application was rejected, for which the young man was highly grateful.

Need Writing Ability

Mr. Herd pointed out that with the great increase in the number of universities offering insurance courses the larger number of students by their success or failure will reflect credit or the reverse on their respective school. He emphasized as a qualification for recruits for the insurance business the ability to express oneself well on paper. Insurance, he pointed out, is essentially a "paper" business yet many young fellows who are taken on are extremely deficient in English and the general ability to express themselves.

Warning that the insurance business should be preparing itself against such threats as development of self-insurance, Mr. Herd said that the companies might take a lesson from the railroads, which as recently as 20 years ago refused to take seriously the possibility of motor truck competition.

Leslie Analyzes Courses

William Leslie, general manager National Bureau of Casualty & Surety Underwriters, whose paper was presented by Miss M. Elizabeth Uhl of the National Bureau, gave a detailed analysis of training courses conducted by casualty companies.

Much interest was expressed in the observations on social security legislation made by R. B. Robbins, vice-president and secretary Teachers Insurance and Annuity Association. Discussing

(CONTINUED ON PAGE 9)

Life Insurance Has Faced Many Problems During Year Just Closing

By Clarence C. Klocksin
Legislative Counsel, Northwestern Mutual Life

Recessions that upset the business world come and go, but nothing that has happened in the last hundred years has retarded the development or impaired the stability of American life insurance.

Conditions arising from a slower pace of business activity, becoming more pronounced in the latter part of the year, gave rise to some anxiety about the economic status of the country, and there was a marked drop in security prices. In this interval, the institution of life insurance was a steadying influence and helped to create a relative certainty in an otherwise changing and unstable business world.

Problems of the Year

However, the inference is not to be drawn that the business of life insurance was free from difficulty. On the contrary, few years in its history have produced greater problems than the one just closing. Foremost of these was the complicated investment problem. There was the task of making suitable investments on one hand and on the other the difficulty of obtaining a fair rate of return. Related to this question was the trend to place restrictions on long-range and complex installment settlements of policy proceeds.

Perhaps next in importance was the contemplated effect of the social security act upon private life insurance. Agitation for a lower interest rate on policy loans spread, and derogatory utterances by some critics of the business were again in evidence.

One of the important developments of the year was the position taken against agency campaigns and contests for new business by some executives, who contended that fair volume of new business, improved conservation, and moderate increases in the total insurance and asset accounts were more to be desired. Others, however, remained firm in the belief that there should be no let-down in selling drives and that true progress would be served thereby.

Notable Production Figures

Notwithstanding the slump in commercial activity and the views, pro and con, of persons in and out of the life insurance business, the new production of the year and the figures brought up to date on other important items speak for themselves.

When the final figures are available, new life insurance production for the year will very closely approach, and may exceed, 15 billion dollars. This will surpass the previous year's mark by more than $600,000,000, a truly remarkable performance by the life underwriters of the country.

At the end of 1936, the total insurance in force stood at $104,667,131,000. It is estimated that the net increase for 1937 will be approximately 5½ billion dollars, resulting in an all-time high insurance account of more than 110 billion dollars. The increased new business and receding terminations by lapse and surrender are mainly responsible for the improved showing of insurance in force.

Mortality Trends Reviewed

Total assets of the companies more than held their relative gains over other important items. It will be realled that the asset account registered increases for every year of the depression period. At the end of 1937, total assets of all companies will be approximately $26,350,000,000, representing a gain of about $1,600,000,000 over the total a year ago.

In the present ebb-tide of interest returns on investments, contributions from favorable mortality assume greater importance. Indications are that the mortality experience of 1937 will be about 2 percent below the 1936 rate for ordinary insurance and about 5 percent for industrial insurance. Because the industrial rate necessarily runs higher than the ordinary, there has been greater opportunity for improvement in the former. Deaths from accidental causes, other than automobile, declined 9 percent from the 1936 rate on ordinary and 16 percent on industrial insurance. Deaths from automobile accidents, however, increased and are expected to reach the appalling total of 40,000. While there has been no let-up in safety campaigns, the high total is due mainly to increased passenger car and truck registrations.

Experience in the Field

In the minds of some agency executives and managers, there is a feeling that the pruning process of the past few years has gone far enough, and that the general caliber of the men on the selling line is quite satisfactory. The prevailing view, however, favors higher standards of education and training for the life underwriter. For this purpose, there is no better medium than the American College of Life Underwriters, whose C. L. U. designation is awarded on the attainment of broad knowledge of the principles and practices of the business. Educational courses conducted throughout the country by the National Association of Life Underwriters also provide excellent training for the agent.

An important development during the year concerning field operations was the decision reached by the Life Agency Officers Association and the Sales Research Bureau to drop the plan of "Life Insurance Week" as such, and substitute for it a more comprehensive program of public relations, to be devoted to "The Annual Message of Life Insurance to the Public."

Organizations' Work Effective

Any review of field experiences would be incomplete unless it commended the continued efforts behind the agency practices agreement and the effective work of the committee on replacements of the Life Agency Officers Association. Both have achieved notable success in their objectives.

Entitled to high honors for outstanding contributions to the betterment of home office practice and service is the Life Office Management Association. Through able leadership and maximum cooperation of member companies, the association has passed the pioneering stage and has become a vital factor in developing and instituting modern home office efficiency.

The theme of the annual convention of the National Association of Life Underwriters at Denver was "Social Security Through Life Insurance." The social security benefits were analyzed, compared and supplemented in various ways with private life insurance plans and programs. It is apparent that the life underwriters have acquired a good working knowledge of the federal act and are working in harmony with it. If the figures of the past year mean anything, they prove that the field of private life insurance is still vast and that its future holds great promise.

Outside Attacks on Insurance

Attacks on life insurance, through publication and otherwise, were undiminished during the year. The motives for these assaults generally were to discredit the business by attempting to create unreal and confused issues and in this way undermine and destroy the confidence of the public in legal reserve life insurance. In a business so closely regulated by law, it would seem that if the defamers had a case they would have enlisted the help of state insurance departments or sought redress for alleged wrongs in the courts.

The extent of the practice of so-called insurance advisers was revealed at the recent hearings before the joint legislative committee on revision of the insurance laws of New York. Testimony disclosed that one so-called policyholders' service rendered "advice" to an average of 1,500 clients monthly. It was stated that three-fourths of its business is with industrial life insurance policyholders.

Outlook for Legislation

The year began with some apprehension about the legislative outlook, with nearly all state legislatures and the national Congress in session. While numerous inimical proposals were introduced, none seriously objectionable were enacted. Proposals for savings bank life insurance and bills limiting the interest rate on policy loans were introduced in a number of states. Emergency legislation affecting farm mortgage foreclosures fell off considerably due to the improved agricultural situation.

CLARENCE C. KLOCKSIN

A notable accomplishment of the year was the passage of the Illinois insurance code. The states of Washington and California recodified their insurance laws during the year. New insurance codes are in prospect for New York, Oklahoma and Pennsylvania.

Work of the Commissioners

Probably at no time in its history have the deliberations of the National Association of Insurance Commissioners been of more concern than at present. Uniformity of action has become the dominant note of the association. It is not always possible for an organization of such size to reach an entire accord, handicapped to some extent by conflicting state laws. Summarizing, it may be said that the responsibilities of supervision are greater than ever before; some of the current problems are perplexing, and the National association as a supervising unit must eventually find their solution.

Less was said during the past year about the possibility of federal supervision of insurance than was the case a year or two ago. There seems to be no public demand for it, and the business itself has not asked for, nor does it appear to need, federal regulation. Moreover, the existing state supervision could not easily be displaced in favor of a national system. Constitutional difficulties have also barred the way to federal regulation.

Agitation for a lower interest rate than the prevailing 6 percent charged on policy loans grew in the wake of continued low rates on investments generally. It is to be regretted that the average policyholder does not understand the characteristic differences between a policy loan and the ordinary type of commercial loan.

Because state laws require a definite agreement written into the policy that the company loan an ascertainable amount at any time on demand and at an agreed interest rate, the customary rate of 6 percent is a reasonable one when compared with the varying rates over a period of years for ordinary loans, where the lender may say whether he will or will not make the loan, and where he will fix a definite date, usually less than one year, for repayment. These are only a few of the practical differences.

Near the close of the year, Superintendent Pink of New York suggested to the joint legislative committee consideration of a sliding scale interest rate to be determined annually by the superintendent and the state insurance board, in accordance with average interest returns over a two-year period on high-grade authorized bonds, excluding United States governments, to which average rate 1 percent would be added for expenses in making and handling the loans

Year's Results Summarized

The year commanded great interest and demanded new courage from everyone. There was little in the fundamental character of the country to cause undue apprehension. There were, on the other hand, indications of renewed virility in the American people. Modern travel and communication facilities have woven them into an informed, compact unit. North, south, east and west are as one. In the consequent interchange of views, no barrier will be insurmountable. Government—local, state and national—will respond in accordance with the will of the people, and no government ever was built on a firmer foundation.

Comparatively, the year dealt leniently with life insurance. This is not a mere coincidence, but it is so because life insurance is a product of the best of American business traditions. It is founded on scientific principles; it provides individual security, which likewise is national and social security; and it administers its business essentially as a trusteeship.

In this there is real hope for millions of Americans who have placed their trust in life insurance, each of whom may depend upon ultimate performance of his or her contract in accordance with its terms.

Pan-American Life Bonus

The Pan-American Life distributed an extra half month's pay, aggregating more than $10,000, to 150 employes. All receiving less than $4,500 received the bonus.

Movie Says Man Works; Jury Says He's Disabled

LOUISVILLE — A courtroom presentation of a movie showing Terry McDonald at work at a gas station failed to prevent a jury verdict he was disabled, and he won a $1,200 judgment against the Equitable Society. It was the first time a motion picture had ever been admitted as evidence in the courts here.

Cohen Purchase of Fidelity Fire Is Jeopardized

Failure to Meet Dec. 24 Installment May Block Entire Deal

ATLANTIC CITY—Failure of the Frank Cohen interests to come through with the stipulated second payment on the stock of the Fidelity Fire of Atlantic City has placed the whole deal in jeopardy and technically forfeited the cash down payment of $3.20 a share on a controlling interest of between 10,000 and 15,000 shares of the 20,000 total outstanding. Sale of the company to the Cohen people called for purchase of the controlling interest at $8 per share, with 40 percent or $3.20 paid at the effective date of the contract and an additional 30 percent on or before Dec. 24, the remainder to be paid within approximately six months. Just recently Fidelity purchased control of Reserve Loan Life of Indianapolis.

While the Guarantee Trust Company of Atlantic City, which owns or controls a majority of the stock, could put the screws on and declare the $3.20 per share payment forfeited, the bank is not disposed to stand on its technical rights but is willing to make concessions within reason in order to permit the contract to be carried through as originally planned.

Following the failure to make the Dec. 24 installment payment a representative of the Cohen group was scheduled to confer with the Guarantee Trust Company Wednesday of this week after the appointment had been postponed from the previous day. There was no advance indication of what the Cohen proposal might be. The trust company planned to submit the proposal at its next board meeting Friday of this week.

Has Many Proxies

The Guarantee Trust owns or controls about 8,000 shares of the Fidelity stock as trustee for estates or by reason of holding stock as collateral on loans. It controls several thousand more shares through six months irrevocable proxies.

While some of the stockholders thought that $8 a share was too low a price, the trust company's position is the stock of a small local fire company was not a highly liquid asset and was best disposed of when what was considered a good offer came along.

The Fidelity's career has been a lively one particularly in contrast to its quiet previous history which dates back about a quarter-century. Earlier this year there was talk of making the company participating but Deputy Commissioner Gough of New Jersey said that he would not permit payment of any policy dividends until a rigid departmental examination had shown them to be justified.

Chance for Small Ante

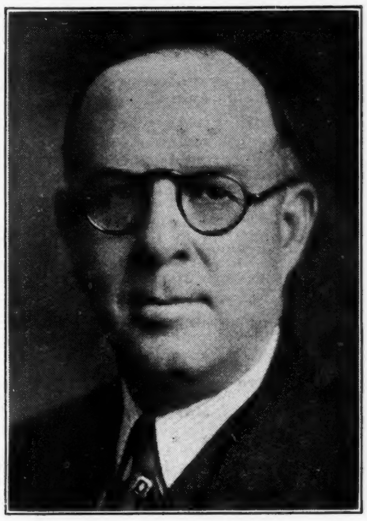
Then came bids from several groups seeking to buy the company. By purchasing the Fidelity, any one interested in getting into the insurance business could do so for a relatively small ante as compared with the $300,000 minimum capital and surplus required by law to start a company.

The Cohen proposal involved reinsuring all the fire insurance liability and getting the charter powers changed to permit doing a casualty business. The fire business was reinsured with the Firemen's of Newark but nothing has so far been done about switching over to casualty.

When the New Jersey department

(CONTINUED ON PAGE 16)

Acquires Substantial Interest at $12 a Share



H. K. LINDSLEY

The holdings of H. K. Lindsley in the United Life of Salina, Kan., amount to 4,742 shares. Mr. Lindsley, who is president of the Farmers & Bankers Life of Wichita, bought this substantial interest in the Salina company as a personal investment. He paid $56,904 or $12 a share. He bought 3,179 shares that belonged to the estate of C. L. Brown, who was a public utility operator; 1,233 shares belonging to United Telephone & Electric, and 330 shares from J. J. Donelan, who was vice-president and general manager of United Life. The total shares of United Life are 20,000. Mr. Lindsley therefore does not have a controlling interest in the company.

Options Curb Looms As Biggest News of the Year

NEW YORK—Considering the difficulty that most people have in remembering the year of any specific occurrence, it may reasonably be doubted that the year 1937 will be remembered for anything in particular. How many can remember what year it was that so many companies renounced income disability? For those who like to refresh their memories, following are some of the major life insurance developments of 1937. The systematic and far sighted may find it useful to file away for a future reference when some one wants to know what year it was, for example, that the companies began to do something definite about curbing fancy settlement options.

The settlement option move, though most of the companies to simplify their procedure will not actually take steps until after the first of next year, is probably the most important news of 1937. Other close contenders for first place would probably be the determination of ordinary agents' status under social security as being independent contractors and not employes; or the New York court of appeals decision that companies losing money on income disability business may pay a lower dividend scale to policyholders having the disability clause in their contracts. Yet, adverse decisions on either of the two latter points would have mattered less in the long run to the institution of life insurance than would failure to take action on settlement option frills.

Whether the typical ordinary company compensating its agents on a commission basis would be exempt from payment of the social security old age pension tax was a question which hung in the balance until almost the end of this year. The agency and general agency contract of the Massachusetts Mutual Life had been submitted to the internal revenue bureau, having been selected as representative of the usual type of life company contracts. The bureau held the agents and general agents to be employes within the meaning of the social security law.

Then the Northwestern Mutual contract was submitted for an opinion. The bureau held its agents to be independent contractors and not employes. Similar decisions were given on the Kansas City Life and the Pyramid Life. Later the Massachusetts Mutual case was resubmitted and the bureau, after coming around to the view that actual practice and understanding between companies and agents could nullify an apparent employer-employe relationship in the contract, reversed its previous decision and paved the way for a general exemption of life insurance agents from the social security act.

Rhine vs. New York Life

The court of appeals decision in the case of Rhine vs. New York Life clarified the companies' right to charge some of the excessive losses on disability business to those policyholders having this type of protection at the old inadequate rates which are responsible for the heavy losses.

In the year just ending there was considerably more agitation about a "modern" mortality table than in a number of years. Much of this was due to the public's erroneous impression that a more up to date table than the American Experience would result in a lower cost of insurance. Another proposed change, but almost too recent to appraise properly, is the plan of Superintendent Pink of New York for a sliding scale of policy loan rates, to be fixed each year within statutory limits, by the insurance department.

The proposed insurance law revision in New York belongs in any year-end summary, though its effect on the insurance business will not be apparent until it is put into final shape and enacted by the legislature. Nothing very radical is proposed in it, though there are points which would cause many headaches if enacted as they stand.

Other events of the year included the New York department's permitting non-state stock companies to write both participating and non-par business here instead of making them choose one or the other; attempts in Missouri and some other states to tax annuity deposits as premiums; prosecution of disability fakers in New York City under federal mail fraud law; easing of the New York investment law to permit purchase of good bonds and preferred stocks technically ineligible under the old law; withdrawal of the Equitable Society from the inter-company agreement to bar probationary part-timers in cities over 50,000, and a general adjustment of dividend scales and rates on proceeds to conform with the lowered interest factor. In the industrial field the liberalization of industrial contracts by some of the leading companies and the union agitation in certain cities were the principal developments.

Pacific Mutual Party

The Pacific Mutual Life held its annual Christmas dinner at the home office for 900 members of the home office staffs and its Los Angeles agency offices. An immense Christmas tree was presented by President A. N. Kemp. The affair was arranged by Howard S. Dudley, L. W. Morgan, Cary Groton and C. A. H. Narlian. Leslie J. Cooper was master of ceremonies.

N.Y. Insurance Law Revision Analyzed by J. J. Magrath

The proposed reforms and fundamental changes found in the tentative revision of the New York insurance laws are designed to promote and improve public protection and security or modernization in the interest of progress, J. J. Magrath of Chubb & Son, former head of the rating division of the New York department, declared in an address before the American Association of University Teachers of Insurance at Atlantic City this week. He said that they should receive the support of public spirited persons who understand them. Some amendment or adjustment of the provisions may be necessary, but they should not be stultified or sacrificed.

Certain obvious mistakes or omissions have already been discovered, Mr. Magrath said, some controversial points have been debated and some compromises will undoubtedly be made. While the draft may be introduced in the next session of the New York legislature, he predicted that in fairness to insurance people, a full year will probably be allowed for examination and consideration of its provisions. The disposition in some quarters to defeat the whole proposal arises, he said, from the difficulties involved in an immediate consideration of the multitudinous changes proposed.

Much Procedural Detail

"In addition to the so-called clarification and simplification attempted in the revision," Mr. Magrath said, "there is much in it that is new in the way of reform and fundamental change. Furthermore, it contains a mass of procedural detail covering practices as followed by the insurance department in the past and those that might conceivably arise in the future.

"Critics of the proposed law have pointed out that the inclusion of opinions, rulings and customs would give an inflexibility to the law that would be unfortunate when circumstances are such as to justify a modification of these standards. The defense for what was done in this respect in the code is that otherwise informality of procedure might not be supported in court actions, or might be abused. Some of this detail is probably superfluous and should be eliminated."

Mr. Magrath then took up some of the important changes and additions proposed and the purposes underlying their sponsorship.

Makeup of Present Law

Structurally the present law is composed of 19 articles of varying length and 15 of these purport by their title to apply to particular types of insurers. Of the remaining four articles one is called "General Provisions"; one is called and contains a list of "Laws Repealed"; one covers "Rehabilitation and Liquidation" of companies; and finally one provides for the existence of an "Insurance Board." Such matters as rate supervision, licensing of agents and brokers, investments, assessment of taxes and fees, and form and construction of contracts are scattered through various of the articles without much regard for the appropriateness of the title.

The proposed revision contains 23 articles, of which 12 apply to particular types of companies and 11 deal with special classes of subjects.

Article I of the proposed law contains a number of definitions which make any reference to the meaning of certain words unnecessary thereafter in the law. This is new and should prove helpful if the correct definitions have been used.

Organization of Department

Article II deals with the organization of the insurance department and includes the provision for the insurance board which serves the superintendent in an advisory capacity. There is no change of any consequence involved.

Article III covers administrative and procedural methods by which the insurance department would be governed. A more general provision relating to the so-called "immunity bath" is contained in this article.

Each insurer examined is required to furnish copies of the filed report to the insurance departments of all other states where it is licensed.

The use of injunction as a means of law enforcement is introduced and should prove helpful.

The superintendent is authorized to maintain a civil action for penalties without the necessity of going to the attorney general except to obtain approval of a compromise.

Article IV contains an attempt at a definition of insurance. It is a strict definition and may possibly not permit the common types of "hold harmless" agreements frequently given by contracting parties.

Extra-Territorial Provisions

This article also contains the so-called "extra-territorial" section dealing with the exercise of insuring powers outside of New York and the investment of assets by foreign and alien insurers. In substance foreign (other state) insurers as to all places and alien insurers as to the United States are limited to the insuring powers allowed by New York and investments required by New York. "While this is substantially the practice today there is serious objection to making it part of the law," Mr. Magrath says. "Other states may adopt conflicting standards with similar extra-territorial application which would create a bad state of confusion."

Insurers exempt from the provisions of the law, with the exception of the

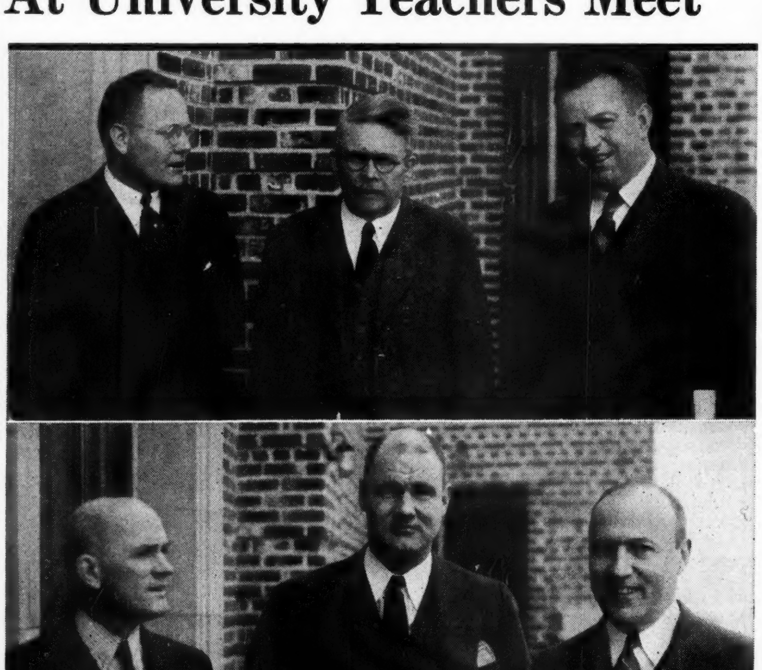
(CONTINUED ON PAGE 16)

NEWS OF WEEK

Reincorporate Oklahoma Company

The Oklahoma State Life, formerly the Security Mutual Life of Muskogee, Okla., has been reincorporated by O. F. Jacobia and Mae Irene Jacobia of Muskogee and E. L. Patterson of Ada.

At University Teachers Meet



Top row—Dr. David McCahan and Dr. S. S. Huebner, University of Pennsylvania, and Prof. Edison L. Bowers, Ohio State University.

Bottom row—R. B. Robbins, vice-president and secretary Teachers Insurance & Annuity; J. Victor Herd, vice-president Fire Association of Philadelphia, and J. J. Magrath, Chubb & Son, New York.

Cooperative Advertising to Be Run by 140 Companies

Essay Contest, Annual Educational Effort Take Place of Life Insurance Week

A cooperative newspaper advertising campaign, with about 140 life companies participating, will be conducted in 400 leading cities throughout the United States the week of May 9, under direction of the Life Agency Officers Association. The announcement was made by J. C. Behan, vice-president Massachusetts Mutual, chairman of the executive committee in charge of the program. The group of companies represents about 90 percent of ordinary life insurance written in this country.

The 1938 program will be the sixth annual life insurance cooperative campaign, which in previous years has been built around Life Insurance Week. This will be an educational effort in behalf of life insurance, with no reference to Life Insurance Week.

To Hold Essay Contest

There will be held a national essay contest, conducted through high schools. National and regional prizes are offered by the national committee, and life underwriters associations in many cities will offer local prizes. In the 1937 contest more than 100,000 manuscripts were submitted to local committees and many more eliminated by school faculties.

A poster and local tie-up advertising will be prepared for use of local associations. The 1938 budget is about $120,000. Young & Rubicam, New York, is handling the advertising for the fourth successive year.

Committee in Charge

The executive committee of life company officials in charge of the campaign is J. C. Behan, chairman; H. H. Armstrong, Travelers; O. J. Arnold, Northwestern National; A. L. Dern, Lincoln National; W. T. Grant, Business Men's Assurance; F. H. Haviland, Connecticut General; G. L. Hunt, New England Mutual; F. L. Jones, Equitable Society; O. J. Lacy, California-Western States; L. S. Lindsay, New York Life; M. A. Linton, Provident Mutual; C. J. North, Metropolitan; A. E. Patterson, Penn Mutual; A. R. Perkins, Jefferson Standard; H. B. Sutphen, Prudential; S. T. Whatley, Aetna Life; J. M. Holcombe, Jr., Sales Research Bureau, secretary.

Advertising Men Assist

The publicity committee of life company advertising men is: K. R. Miller, Sales Research Bureau, chairman; A. S. Anderson, Equitable of Iowa; J. M. Blake, Massachusetts Mutual; L. J. Evans, Northwestern Mutual; E. M. Kirby, National Life & Accident; C. T. Steven, Phoenix, Mutual; A. H. Thiemann, New York Life; E. R. Trangmar, Metropolitan; C. W. VanBeynum, Travelers; N. A. White, Provident Mutual.

Presidents' Proceedings Printed

NEW YORK—Printed proceedings of the convention of the Life Presidents Association, consisting of 252 pages, are being sent to company executives and agents, supervising officials, libraries, health organizations, insurance journals, and daily newspapers and to other interested persons.

In addition to a record of the discussions and a cumulative index of the printed proceedings during the association's 31 years, the volume contains a complete revised catalogue of various pamphlets available for free distribution.

Members and guests at the convention totaled 660, and 127 life companies were represented.

Rev. C. A. Ashlock of Bowling Green, Ky., who was arrested at the instance of the Kentucky department, was fined $50 and costs for representing the Fidelity Mutual Benefit Association of Delaware, not licensed in Kentucky.

Sees Income Disability Revived on Sound Basis

ATLANTIC CITY—Disability insurance continues to be both an opportunity and a responsibility of life companies, according to Oliver Thurman, vice-president Mutual Benefit Life, who gave a paper at the annual meeting of the American Association of University Teachers of Insurance here.

He expressed the belief that the plan employed by the Mutual Benefit Life, accompanied by adequate premiums, sound underwriting, and proper treatment of claims, promises a future for disability income insurance which should be satisfactory to the companies and the public.

Still Writes $10 Per Month

Mr. Thurman observed that Mutual Benefit is the only New York admitted company that continues to write, without change, a disability contract providing for $10 per month for each $1,000 of insurance. Ten years ago $10 per month was almost a universal practice, but now most companies that issue any income insurance at all, limit the amount to $5.

The experience of Mutual Benefit, he declared, has been satisfactory and received the test of the depression that caused other companies to retire from the field. Only two suits have been brought by Mutual Benefit policyholders. One was withdrawn and the other was settled by compromise.

Mutual Benefit provides disability benefits in a supplemental contract that is effective so long as the life insurance continues in force. It provides that the insured will be regarded as totally disabled when, by reason of sickness or accident, his earned income is reduced to one-quarter of what he earned prior to his disability. The contract defines earned income, following closely that used for income tax purposes. This gives an exact standard of measurement and gives the contract a definite value beyond a general reliance upon the general good faith of the company. The definition of disability is clear cut and is not susceptible of two interpretations. It provides that the disability will be regarded as permanent while the loss of at least 75 percent of the insured's earned income continues as the result of disability.

Not Issued in Two States

The contract is issued by Mutual Benefit in all of its states except Massachusetts and Wisconsin.

Until 1936 commissions were not paid to agents on account of disability policies. However, since that time such commissions have been paid. Mutual Benefit took this step with the idea that it would create a broader spread of disability coverage among the policyholders. The premium rates were increased to provide for commissions.

A separate contract is employed by Mutual Benefit for disability coverage so as to make the life policy and the disability contract more flexible. A separate disability contract facilitates adjustments when the insured, by change of occupation, reduces or increases the company's risk. It facilitates the automatic termination of such benefits to one who has ceased to earn the income against which he was to be indemnified.

Mutual Benefit felt that the disability contract should provide for cash values, since the operation of the business requires the setting up of a reserve.

Mr. Thurman expressed the belief that as the companies that greatly restricted or ceased writing disability income insurance complete the job of liquidating the losses arising out of business that was improvidently written in such large quantities, they will undertake to devise a safe plan for the future.

Mr. Thurman declared that the recommendations made by Vice-president E. E. Rhodes of Mutual Benefit Life in 1932 are still valid. Mr. Rhodes contended that the contract must be framed throughout as one of indemnity; the contingency insured against must be the occurrence of a pecuniary loss as the result of disease or accident and mere incapacity to earn income through injury or disease is not sufficient; the standards of selection must be those which apply to health and accident underwriting; claims should be treated in accordance with the terms of the contract without regard to the effect upon the life business of the company and after a claim has been allowed there must be constant watchfulness to see that payments are not continued beyond the date of recovery; a prompt presentation of claims should be required under the contract; any table of rates which a conservative actuary is likely to adopt will suffice if the proper conditions are observed.

Mr. Thurman traced the rise and fall of income disability in the United States, beginning in 1896.

"As we look back over this history of disability underwriting," he remarked, "it is almost unbelievable that life insurance companies, that have so richly deserved a reputation of conducting their business upon sound and scientific foundations, should not have foreseen the dangers which they subsequently encountered."

Temporary Change in Kentucky

FRANKFORT, KY.—Commissioner Sherman Goodpaster probably will become chief clerk of the state senate during the legislative session. Because he can not legally hold that post and retain as commissioner, he probably will resign the latter post early in January.

No final decision has been announced as to who will take Mr. Goodpaster's place as head of the insurance department during the senate session. At its conclusion he is expected to be reappointed as commissioner.

Burial Solicitor Jailed

John Bigus of Cleveland, on a plea of guilty, was fined $200 and given six months in jail for violation of the insurance laws. It was charged that he collected $12 on policies for $600 held by a woman in that city and did not turn it in. The policies were written in the Acme Burial Association of Springfield, Ill., which is not licensed in Ohio.

Grace Period Held to Start When Policy Is Delivered

ST. LOUIS — Federal Judge Collet awarded $25,000 to Mrs. Guy S. Forcier, in a judgment against the Penn Mutual Life. The company had brought the action to determine whether it owed Mrs. Forcier $40,000 or only the $15,000 it had already paid her under a policy on her late husband.

The chief question involved was whether the 31 days of grace in which a $40,000 policy was to remain in effect following a default in the payment of the premium should have been dated from Feb. 20, 1936, or from March 18, 1936. Forcier died April 5, 1936. The court ruled the 31 days of grace should run from March 18, 1936. Forcier died within that period. The policy was dated Feb. 20, 1929, but was not delivered to Forcier until March 18, 1929, at which time he paid the first premium. On March 20, 1936, Forcier asked the company to reduce his insurance from $40,000 to $15,000. The company issued him a new policy and he allowed the old one to lapse. Mrs. Forcier claimed the $40,000 on the grounds that the first policy remained in effect 31 days after it had been dropped through Forcier's failure to pay the annual premium.

Discounts Social Security Threat to Private Pensions

ATLANTIC CITY—R. B. Robbins, secretary Teachers Insurance & Annuity of New York, discounted the theory that is quite commonly held that federal social security legislation has seriously interfered with private pension plans.

In addressing the annual meeting here of the American Association of University Teachers of Insurance, Mr. Robbins said there is little evidence that social security legislation has discouraged the formation of retirement plans; there is much evidence that it has awakened many industrial employers to the need for retirement benefits and it has probably given impetus to the contributory method of providing for retirement income, especially through the use of group annuity contracts; most important of all it has encouraged the provision of pension equities, in case of withdrawal from service, instead of the liquidation and probable dissipation for other purposes of whatever start may have been made toward the provision of retirement income.

Mr. Robbins said that critics of the federal plan have been saying that in 1932 there were about 4,000,000 persons employed by industrial firms with retirement plans of some kind.

As a matter of fact, he said the proper figure is closer to 3,000,000 and of that number only about 1,000,000 were in plans having reserves. Of the 44,000,000 persons in the United States who would like to be gainfully employed, 3,000,000 have some possible prospects of retirement benefits, he said. Little attention was given to the interests of the individual employe and he had little to say about what was done. That is almost inevitable so long as industry is competitive, Mr. Robbins observed. No employer could survive if he went much farther than his competitors in considering the welfare of employes as individuals.

Turnover in Employment

Due to the turnover in employment and the fact that such a large percentage of firms fail or go out of business there is a need for pension equities that survive changes in employment. This is a need that industry has not accepted as its responsibility, according to Mr. Robbins.

The social security law, he said, extended pension prospects immediately to nearly 30,000,000 and it made this prospect of retirement income independent of employment for a particular employer. With all its shortcomings, the law gives hope of overcoming difficulties that were beyond the power of competitive private industries. The federal plan ignores the employer except to require that he make contributions and furnish employment data. It centers attention on the social problem of planning retirement income for those who work regardless of where they work or how often they change positions.

It is too early to apprehend what the effect will be of the social security law on private pension plans, he said. The initial taxes are not large enough to call for precipitate action on the part of industrialists. Mr. Robbins related what certain employers had done as having possible significance in foreshadowing what others may do. He pointed out that the cost to employers of unemployment insurance acts both federal and state and the possibility of extending the scheme to include widows' pensions and sickness benefits, etc., are all likely to have a bearing on the employers' attitude. Non-contributory private plans usually carry a statement that if at any time an employe is entitled to a retirement benefit under a governmental scheme payments anticipated from the employer will be correspondingly decreased.

Use of such a clause will not affect actual pension payments until 1942. Some employers have announced their intention of taking advantage of this clause while others have announced their intention of reducing pensions to individuals beginning with 1942, by half of the annuity to be received by the individuals under the social security law. Mr. Robbins observed that only half of the federal annuity is a direct cost to the employer and he can scarcely justify decreasing the pension that he contemplated paying by more than that for which he is taxed.

In several fully funded plans that are either trusteed or insured in which the employer matches employes' contributions as premiums for group annuity contracts, these contributions have been adjusted to contemplated taxes under the social security law so that the total cost to the employer and to the employe will be 4 percent of compensation until the end of 1945, then 4½ percent for three years and 5 percent after that. Adjustments apply to only the first $3,000 of an employe's annual compensation.

Become Pension Minded

Mr. Robbins declared that the social security law has made employers pension minded to an extent that they never have been before. There is an increasing interest in group annuity plans.

Mr. Robbins mentioned the tendency to establish retirement plans to supplement the federal plan, especially for higher paid employes. Some are limiting participation in such a plan to those receiving $3,000 or more and figuring contributions and benefits on the excess of compensation over $3,000. Apparently, he said, this has not been found as satisfactory as having the plan apply to all but with different contribution rates for different fractions of total annual income.

He said there is a recent tendency in contributory industrial retirement plans toward the vesting in employes of pension equities created by employer contributions. The tendency is to shorten the preliminary service period necessary for this vesting, although Mr. Robbins declared it is still far too long. Under too many of these plans, he declared, this improvement is not as valuable as it seems because the employers' contribution is quite minor for the younger employes who are the ones most likely to withdraw from service.

Aiken Considers Past Year Satisfactory One in Life Insurance Field

NEW YORK—"The year just closing has, on the whole, been a satisfactory one in the life insurance field," said A. L. Aiken, president New York Life. Mr. Aiken declined to make any prophecies or express any opinion concerning economic trends in 1938, but stated that while new paid insurance of the New York Life in 1937 exceeded that of 1936 by approximately $24,000,000 and was larger than the total in any of the past five years, he looks forward to a still larger volume in 1938.

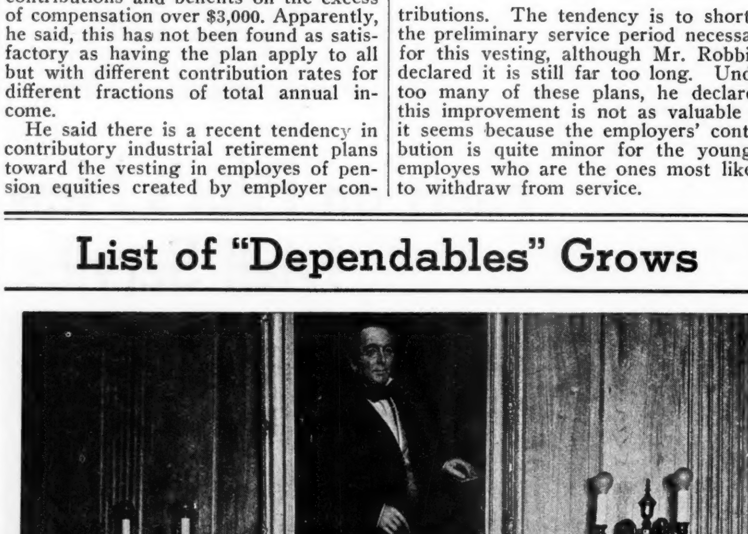
"During 1937," Mr. Aiken continued, "the New York Life made new investments of more than $200,000,000 in bonds and more than $8,500,000 in preferred stocks. The latter were entirely industrial and public utility securities, while the bonds consisted very largely of U. S. government, municipal and public utility issues.

"Our company made new investments in mortgage loans, in 1937, in excess of $35,000,000, which was considerably more than was invested in mortgage loans during the preceding year.

"Interest rates on high-grade securities required by conservative life insurance companies showed only a slight variation from the rates obtainable during 1936. We can expect improvement only as there is an increased credit demand brought about by general industrial expansion.

"The New York Life's total disbursements for dividends to policyholders in 1938 will probably be about $40,000,000, approximately $2,000,000 more than the total dividends paid in 1937."

List of "Dependables" Grows



President James Lee Loomis and Second Vice President Vincent B. Coffin of Connecticut Mutual Life are shown placing additional names to the "Dependables" chain which hangs in the board room. The "Dependables" is a new organization and membership is based, as the bronze plaque over the chain reads, "solely on one factor—that each Connecticut Mutual salesman establish a financial objective that meets his requirements, and then that he proceed to earn enough in Connecticut Mutual commissions to equal this objective."

Above the "Dependables" chain is an oil painting of Guy R. Phelps, moving spirit among the founders of Connecticut Mutual and its president from 1866-1869.

Fifteen Officials of Old Pacific Mutual Indicted

Federal Grand Jury in Phoenix, Ariz., Votes True Bills—New Company Not Affected

Federal officials have announced that 15 former officials of the old Pacific Mutual Life have been indicated by the federal grand jury in Phoenix, Ariz. These indictments pertain only to the affairs of the old company and do not affect the status of the new Pacific Mutual or its policyholders.

Among those indicted were George I. Cochran, former president, and Lee A. Phillips, former executive vice-president.

Others indicted are: Douglas E. C. Moore, assistant to the president; Ben R. Meyer, director; W. H. Davis, executive vice-president and general counsel; Wesley C. Green, vice-president; Delancey Lewis, vice-president; Howard R. Dudley, treasurer; Alfred G. Hahn, actuary; Samuel K. Rindge, director; Ben A. Hilliard, chief accountant; Allan Grant, company executive; Roy S. Hoagland, in charge of the Oakland office; J. Beach Rhoades, claim adjuster; Stanley F. McClung, secretary.

Charges Are Recited

The indictments charged use of the mails to defraud and also contained a conspiracy count.

The indictments specifically charged the defendants used company funds to maintain an artificial market for its stocks and made loans to companies with interlocking directorates, and that these loans were made for the benefit of the defendants.

Other charges included:

That the defendants paid dividends from the company's capital.

That a stock syndicate was operated by them or under their direction for their own purposes.

That false statements were made through the mails relating to the financial conditions of the company.

Dudley, Hahn and Rhoades are connected with the present Pacific Mutual.

The indictments are reported to be based on a seven months' investigation by federal men of operations of the old Pacific Mutual Life.

Reason Phoenix Was Chosen

The grand jury is reported to have been called at Phoenix rather than in Los Angeles, because most of the federal judges in southern California disqualified themselves. Another factor, it was said, was that in a jury called recently in California on a matter affecting the Pacific Mutual, 18 of 26 jurors called were Pacific Mutual policyholders.

Special assistants of the U. S. attorney general's office presented the case to the grand jury only two witnesses being called. These were: General Agent F. B. Schwentker of Phoenix and his secretary, Kathleen Willett. The grand jury is reported to have been in session only about an hour. The special prosecutors, according to advices, stated they had no concern about the new Pacific Mutual, and in fact had delayed their action until the California supreme court rendered its ruling recently sustaining the Carpenter reorganization plan.

BONEY WITHHOLDS LICENSE

Commissioner Boney of North Carolina announces that he will not license Pacific Mutual Life in his state until the federal courts have sanctioned its reorganization.

Form Twin Cities Union

ST. PAUL—Agents of industrial companies in the Twin Cities are being organized into a union that will be an affiliate of the C. I. O. It will seek the right to act as bargaining agent for all offices in the two cities. D. L. Bishoff, St. Paul, is president.

Baseball Club Presidents' Attitude Is Hit by Manager

Definite Steps to Establish Agent Needed—Salary Plan Offers Possibilities

Life insurance company executives have somewhat the same attitude toward producers as baseball club presidents who feel that the playing life of a good ball player is limited to 10 years, declared one rebellious manager. Definite steps should be taken to establish agents on a life time basis rather than permit them to struggle along and then finally peter out. He advocated a plan by which the new men should be paid a salary for five years, adjusted to commissions every six months. By doing this the man will be used to living on a budget and at the end of the five-year period he will be in the habit of drawing regular salaries from his commission account rather than living high one month and poor the next.

In operating on the salary plan the amount should depend upon the individual and his needs together with his potential ability. The beginner's salary should only meet his actual needs. One office which operates on a salary basis for the first year, pays from $75 to $175 a month depending upon the individual.

Sell More Business

One general agent found that men who are relieved of financial worry definitely sell more business. A man who does not have a definite source of income turns to life insurance as an avocation instead of a vocation. His vocation is trying to make both ends meet, borrow some money here, to stall off creditors there. When he goes out to sell life insurance he has a hungry look in his eye for commissions which has a negative reaction on the prospect.

The payment of a salary automatically improves the selection of man powei because the general agent does not wish to hire a dud and pay him a salary for three months and find out the man is no good. One general agent who is hiring agents gradually on the salary basis requires the applicant to bring in a list of 100 men who are earning at least 100 times their age. He goes over this list with the prospective agent and asks questions about these prospects. Later he checks up on four or five of the prospects to find out if they know anything about the prospective agent. He also gets an inspection report on the agent before he hires him.

Must Earn Salary

Once the agent is hired, it is up to the manager to see that he earns his salary. In this respect the plan has merit because the manager has a financial stake in the new agent's future.

There is no doubt that life insurance men have to give more serious consideration to recruiting problems, and to raising the financial standard of agents, as the available supply of good men is limited.

Some managers feel that young men are the best source of agents as many of the older men have been whipped by the depression and are slow in coming back. The younger men can be trained thoroughly and be taught certain fundamentals in selling and working methods which the older men will not accept. In some agencies the younger men are required to learn a formal sales talk with the idea that they can always fall back on it if nothing more opportune comes up to talk about.

The manager of a company which has a definite sales promotion plan, goes over the program with the prospective agent and explains that he has to use the plan if he is to work for the agency. It is not optional and the agent must make a definite agreement to work along specified lines.

Damage Done by Unfit Agent Felt More Than Part-Timers

Needless Sales Resistance Believed to Result from Haphazard Soliciting of Incompetents

NEW YORK—Now that the situation as to the part-time agent is considered to be pretty well in hand, the unfit agent, who spoils cases for competent agents and builds up needless sales resistance for life insurance is coming to be taken much more seriously as the handicap to the business that he is and to be looked upon with the same uneasiness as the part-time agent was a couple of years ago when sufficient agitation resulted so that most of the larger companies agreed to eliminate part-timers in cities of 50,000 and more.

While the part-time agent's activities were more obviously unfair than those of the incompetent man, whose lack of success usually arouses pity rather than concern, it is becoming more apparent that a good share of the reason why the institution of life insurance is held in so much higher public esteem than those who sell it must be laid at the door of the marginal agent whose appearance, manner ,and obvious lack of knowledge about life insurance create a very bad impression upon the public.

Spoils the Market

Competent agents are becoming increasingly aware that the marginal man is not only spoiling their market but taking up the time of general agents, managers, and supervisors which should be going to the men who are really the backbone of any agency. Good producers tend to be individualists and hence are often just as glad to be free of any very close supervision. But there are many aids, such as direct mail, or clerical help, which these producers could use if money were not spent on trying to nurse along the agents who are fundamentally unqualified for the business.

Lapse of Policy Was Waived

Court Finds Insurer Accepted Overdue Premium with Knowledge Assured Was Ill

In Wagner vs. Security Mutual Life, the Minnesota supreme court has held, in view of the evidence, that the insurer, having accepted overdue premium with knowledge that the assured was ill, and having retained the premium payment until after the assured's death, it waived the lapse of the policy, although the receipt given was conditional.

Maher was general agent for the Security Mutual Life at Duluth. The annual payment on the Wagner policy fell due Dec. 14, 1934, and was not paid. There was a grace period of 31 days. The assured became ill Jan. 6, 1935, and on Jan. 16 Maher called at the hospital and there saw the insured, his wife and some friends of the family. According to the beneficiary and a friend who was there, Maher informed the group that the policy was two days past due. The assured inquired what could be done about it and Maher replied that if they would pay $10 the policy would be "all right." The friend of the family offered to pay the entire premium, but Maher informed them that $10 would be satisfactory. Accordingly the $10 was paid and this receipt was delivered: "Jan. 16, 1935, Received of Dr. Wagner, $10, partial payment on premium due Jan. 14, 1935. Subject to reinstatement. Chester J. Maher. E. C. E."

Maher claimed that the $10 deposit was accepted conditioned upon approval by the head office. The beneficiary claimed that there was nothing said of any condition affecting the efficacy of the payment made to put the policy into full force. Maher wrote to the company Jan. 17, reporting the situation and the Security Mutual refused to grant reinstatement and claimed a lapse. A letter was written to Maher, Jan. 24, after the assured's death. Maher did not attempt to make a refund of the $10 until Feb. 16.

There was ample testimony, according to the court, that Maher had much more authority than the customary limited authority of a soliciting agent. Under the statutes Mayer represented his employer and his act thereby became its act.

Support of U. S. Syphilis Drive Urged by Medico

Life companies should cooperate in the government's campaign to eliminate syphilis, Dr. F. M. Green, assistant medical director Columbus Mutual Life, urged in a paper. Although one out of ten adults on the average is estimated to be syphilitic, only about two applicants out of each 8,000 examined for life insurance admit having the disease, Dr. Green reported. Death and disability claims of life companies frequently reveal evidences of the malady. Suspicion of syphilis is aroused in the examiner's mind by aneurysm, aortitis, aortic valvular disease, psychosis or paralysis, he said. Many syphilitics surely must be among the 64,000,000 life policyholders, a great percentage insured at standard rates.

The disease causes average decrease in life expectancy of 17.3 percent in general population. Elimination of syphilitics among insured persons would permit companies to reduce mortality rates. Adequate early treatment of syphilitic policyholders would make them live longer and permit collecting more premiums from them. Dr. Green said drastic laws should be enacted to protect the people against the disease.

A good name is better than riches—the reputation you have with your prospects today is what switches them into customers tomorrow.—The Columbian.

Two Social Security Rulings Set Up Independent Status

Commissioned agents of two life companies were ruled to be independent contractors under unemployment compensation acts, reversing former interpretations that they were employes and subject to tax. The Internal Revenue Bureau reversed a previous finding in the case of the Lincoln National Life agents, under the U. S. social security act, and the department of employment of the unemployment reserves commission of California took similar action under the state act.

Study Mothers Fund Ruling

Life insurance men of Pennsylvania are digesting the recent ruling of the mothers' assistance fund of the state relative to the amount of life insurance permitted beneficiaries of the fund. Under the ruling, in order to receive assistance from the fund no adult in the family can carry over 25 cents a week in industrial life insurance and not over ten cents a week can be carried on any one child. All other insurance policies must be surrendered and the cash value used up before the fund will accept the applicants for relief. While new in this instance, the ruling is virtually the same as that adopted months ago by the state relief agency, which held that no one would be eligible for either state or federal relief who carried life insurance over those amounts.

Acacia Mutual

The Acacia Mutual enters 1938 with more than $385,000,000 of insurance in force, increase $20,000,000 during the year. Assets exceed $72,500,000, increase $6,250,000. More bonus money than ever before was paid to agents for excellent persistency. Conservation continued to improve.

Group Indebtedness Coverage Legal in All But 8 States

Mortality Experience on Larger Contracts Is Excellent, According to Equitable

NEW YORK—Increased popularity of co-makers' loans has resulted in legal barriers to group life insurance protection for such loans being eliminated in all but eight states, Colorado, Kansas, Massachusetts, North Carolina, Oregon, Pennsylvania, Texas and Washington. California, Michigan and Wisconsin are the most recent states to amend their laws to permit the coverage being written.

Experience under the larger contracts has been very favorable, according to the Equitable Society, which writes a considerable volume in this type of coverage. The result is that the net cost has been much below the initial gross rate of $1 a month per $1,000. In general, where a substantial amount of coverage is in force, and where the experience is favorable, the total cost of this protection would probably be in the neighborhood of one-half of 1 percent of the face amount of the loan, according to the Equitable.

Reduction Through Dividends

A gross premium charge of $1 per $1,000 of insurance is approximately equivalent to a flat charge of 65 cents for the insurance on a $100 loan repayable in 12 monthly installments. Reduction in cost comes about through dividends, so that the cost of the insurance to the lending institution may be materially reduced in the event of continued favorable experience. The protection tends to make the service of the bank more attractive to the prospective borrower, since it removes one source of worry and at the same time makes it easier for him to obtain endorsements by co-makers.

The contract is made between the insurance company and the bank or the lending institution. No individual certificates are issued and the self-accounting system which is used is very simple. The insurance company keeps no record of the individual borrower, the only account being rendered at the end of each month, when the bank prepares its statement showing the outstanding balances at the end of each day. The average amount of insurance is determined by adding up the daily balances and dividing by the number of days in the month. The premium due for the month is that obtained by multiplying the premium rate applicable to the group by the average amount of insurance.

Starts With $1 Rate

While at the inception of the contract an estimated rate $1 per month for each $1,000 of indebtedness is used, provision is made for an actual calculation based on the distribution of insurance by ages, as soon as 500 loans are outstanding or at the end of three months whichever is the shorter period. Once the actual rate is determined, it is used for the balance of the year, but may be recalculated on any contract anniversary if it seems advisable.

The New York insurance law requires that there must be at least 100 new entrances each year in order to maintain the contract in force. The Equitable limits issuance of this type of contract to groups where it can reasonably be expected that the average amount of outstanding loans after the first year will be maintained at not less than $100,000. All borrowers of the class to be insured must be included under the insurance contract.

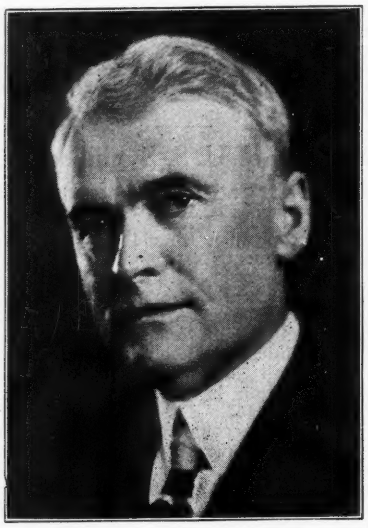
Applicants for loans which are insured are generally required to complete a card stating that they are actively at work in a gainful occupation. The card need not be used if a similar statement is included in the loan application form over the signature of the borrower, who is thereby informed of the insurance which the lending institution intends to place on his life.

No medical examination is required for the insurance, although in some large cases, such as $5,000 and over, the company reserves the right to reject. The maximum amount of insurance on a single borrower is generally based on the total amount of outstanding indebtedness, and in certain of the larger banks is as much as $5,000. The New York insurance law limits the maximum coverage on any one individual to $10,000.

In underwriting group indebtedness insurance, it is necessary to have fairly complete information concerning the financial institution and its method of handling personal unsecured loans. There has been little inclination on the part of the insurance companies to cover loans on which security has been obtained, since there is not much real need for the insurance in such cases. The companies are particularly interested in the length of time over which the loan is to be repaid. Ordinarily the payment is made in 12 monthly installments, although sometimes it may be paid over a period of from 18 months to two years.

The average loan per borrower varies considerably, depending on the policy of the bank and the maximum amount it is willing to lend on an unsecured basis. In the larger banks an average unpaid balance of $250 per borrower may be expected.

Forming Hearthstone Life, New Indiana Company



FRANK P. MANLY

INDIANAPOLIS—Frank P. Manly, a founder of the Indianapolis Life in 1905 and for many years identified with that company, finally as president, at the time of his retirement, has associated himself with a number of prominent business and professional men of Indianapolis in launching a new company, The Hearthstone Life. Articles of incorporation were filed with the department Monday. Approval was granted and Tuesday the papers were filed with the secretary of state for a license. The company is being organized under the Indiana legal reserve deposit law and will have $100,000 capitalization. Associated with Mr. Manly as incorporators are Val Nolan, United States district attorney; John K. Ruckelshaus and Joe Rand Becket, attorneys; H. E. Sutherlin, formerly cashier of the Fletcher American National Bank; Dr. Jas. H. Stygall, Dr. Dudley A. Pfaff, John H. Bookwalter, publisher and printer; Geo. Hilgemeier, Jr., packer; Chas. E. Foreman, Mid Western Petroleum Corp.; A. J. Beveridge, Jr., state senator, and Jno. L. Blish.

Observations on Field Work in Life Insurance

The situation in the life insurance field from the production standpoint is now being studied very carefully by those in the business. The general opinion is that there is a tendency more and more to eliminate the unfit and the part timer, especially in the larger and more populous centers and endeavor to give the whole time agent a greater opportunity.

The agency practices agreement is in effect and has been signed by some 57 companies. Some companies object to it largely because it does not give any opportunity for apprentices. Some agency executives take the ground that there should be a chance for a man to try himself out before he gives up a job inasmuch as he cannot tell beforehand whether he is fitted to sell life insurance or not.

Hesitate to Take Salaried Man

General agents will hesitate to insist that a man getting $125 a month give up his position entirely and take up the rate book with the allurement that in time he should be making $250 a month. General agents realize that no one can tell beforehand whether a man entering life insurance field work will make a success or not. He may have the qualities to succeed in selling tangibles and yet be entirely at sea in selling something like life insurance which is a contract to be fulfilled in the future. Therefore the position is taken that it is entirely unfair to ask a man to burn all his bridges behind him when he has at least a job that gives him a living and to go into an untried sea without testing himself. These executives say that reasonable time should be given for apprentices, and if within six months it is discovered that they are not fitted for the task then their contracts should be forfeited.

Companies Enter Industrial Field

There has been considerable interest in the developments during the last few years in some of the smaller and medium sized companies entering the industrial field because it is found that the industrial companies are making more progress comparatively than those writing only ordinary business. It is generally agreed that many people are gearing their expenditures to the weekly or monthly system. They are accustomed to budget their outlay on that plan. They are buying luxuries on the installment system.

Budget Life Insurance Premiums

It seems impossible for them to save enough money to pay even a quarterly or a semi-annual premium for life insurance. For instance, many industrial agents find that the woman of the house can save $1 a week for insurance. She may be told that a great saving can be effected because she can buy the same insurance for $33, for example, if she pays the premium once a year. The experience is that if she agrees to do so she may pay the premium for the first year and then the insurance will lapse. All installment buying houses have the same experience. A person knows that it is to his advantage to pay on the weekly or monthly plan rather than try to save even if it means quite a discount. Furthermore the industrial companies have greater command over their agents. Their time is programmed, they are required to work according to a system and they are not allowed to be their own masters.

It has been pointed out that the life insurance companies have not adjusted themselves to the new order as they might. They are still geared to the system of soliciting people who can buy from $25,000 of insurance and up. There are too many agents that are still seeking applications for those in the higher brackets and the companies have not successfully adjusted their production machinery to look after that large and increasing class of people between the industrial buying and the $25,000 brackets. Those far seeing executives therefore are endeavoring to study more carefully means of interesting what might be termed the middle class or those that can purchase up to $10,000, and especially those that can purchase insurance up to $5,000. The John Hancock Mutual Life recently put out a monthly payment ordinary policy which President Cox feels will be highly successful. Companies have rather looked down upon the monthly payment system and yet it would seem that this is the plan that may fulfill the requirements of the modern age far more satisfactorily than the quarterly or semi-annual system.

Certain it is that there must be some way devised to enable the rank and file of salesmen to make more money so that they can live in moderate comfort and not have to be solicitous as to where they are going to get sufficient money with which to live.

It has been suggested in some quarters that in some way or other companies might agree voluntarily to limit the number of agents that they should have in a given locality especially in a city of some size. This would tend to cut down the number of working life insurance men and would give those more efficient ones a greater opportunity.

Sine Appointed Supervisor

R. N. Sine has been appointed agency supervisor of Illinois for the Peoples Life of Indiana. His duties will consist of establishing new agencies throughout the state. Mr. Sine has an outstanding record, is unusually capable and has had considerable experience in supervisory work.

Tell Customer Benefits

Tell the customer the benefits he will get and give proof of that benefit, said Elmer Wheeler, president of Tested Selling, at the annual convention of the mutual fire companies in Grand Rapids. The first thing the prospect asks himself about a product is, "What will it do for me?" The salesman should develop "you-ability" and use "you" instead of "I" in his sales talk. People form snap judgments and form opinions in the first 10 seconds of a sale—which may affect their entire attitude, so it is necessary to get the prospect's favorable attention in the fewest possible words, said Mr. Wheeler.

A salesman should ask leading questions like a good lawyer. He should never ask the prospect if he wants to buy, but what, when or how much he wants to buy. "It is all in how you say it and the way you say it as well as what you say," said Mr. Wheeler.

Dig into the prospect's most pressing problem that can best be solved with life insurance, get him to see the importance of the problem, recommend the best policy to meet the problem at a price he can afford to pay.

Educators Discuss Need of Incentive in Insurance Study

(CONTINUED FROM PAGE 1)

Mr. Robbins' paper, Prof. C. A. Kulp said that the experience with social security legislation in Great Britain indicated clearly that it is too big a job for the employer alone, even if he thinks he can handle it, and is even too big for the employer and employe to solve jointly, the only alternative apparently being for the government, that is the taxpayers, to shoulder a substantial share of the burden.

Why Amendment Failed

Prof. Kulp indicated that the real reason for the flattening out of agitation for the Clark amendment, permitting private plans as substitutes for the government, was that employers came to realize the magnitude of the job and willingly took advantage of the government's offer to take over so substantial a share of the burden.

Dr. David McCahan, University of Pennsylvania, discussing Mr. Herd's paper in place of J. Merrit Lear, University of North Carolina, said that the insurance companies should follow other big corporations in their handling of new men. That they should have a plan of induction and training, recognizing that the young recruit does not always see what lies ahead and consequently he should be shown that if he gets through his apprenticeship satisfactorily he will get a job where he can use the knowledge he has acquired.

Wants Balance in Method

T. Coulston Bolton, Syracuse University, discussing Mr. Leslie's paper, said that some balance should be found between a dry series of lectures by eminent insurance authorities who had no flair for getting their ideas across to students and on the other hand the purveyors of "vaudeville" courses in which instructors strain to make their wares so attractive to the students that the value of the course is impaired.

J. Harry Wood, manager of general agencies John Hancock Mutual Life, spoke on training courses conducted by life companies. Discussing this paper, Prof. E. L. Bowers, Ohio State University, said that for the older men in the business, he doubted that anything does so much to promote education as the C. L. U. courses. He said that among the younger men, failure of life companies to scout among the universities for the best material results in other big corporations signing up the ablest members of the junior and senior classes before the life companies get a chance at them.

Disability Coverage Discussed

Vice-president Oliver Thurman, Mutual Benefit Life, talked on the future of disability insurance, and described the unique disability policy which his company uses. He said that experience with it had been highly successful. In discussing Mr. Thurman's paper, L. J. Ackerman, University of Newark, questioned whether the Mutual Benefit Life's experience with its disability clause had been sufficiently broad and of sufficient duration to yield an adequate conclusion. He wondered whether the Mutual Benefit Life's success were due to the excellence of the clause or to conservative underwriting or to both.

To show what can be done by conservative underwriting alone, he pointed out that in 1928 15 United States companies in the billion dollar in force class paid out 68 percent of their disability premiums in claims but 15 of the smallest companies in the $100,000,000 in force group paid out only 29 percent of their premiums as claims. This he credited to conservative underwriting. He praised the Mutual Benefit Life's clause, saying that its definition is superior to anything offered to date although the definition of "earned income" might give rise to some vexing problems, he thought.

All officers were reelected except Secretary-Treasurer Frank G. Dickinson, University of Illinois, who resigned on account of illness. Officers for the coming year are H. J. Loman, University of Pennsylvania, president; Robert Riegel, University of Buffalo, vice-president, and J. E. Partington, University of Iowa, secretary-treasurer.

Berkshire Life Honors President's Anniversary

FREDERIC H. RHODES

President Frederic H. Rhodes of the Berkshire Life was honored at a dinner in Pittsburgh on his 45th anniversary with the company by executives, directors and general agents. S. S. Wolfson, New York City general agent, was toastmaster; J. E. McCombs, Washington general agent, presented the guest speakers, including President B. J. Perry of the Massachusetts Mutual Life, President R. A. Barbour of the Berkshire Mutual Fire, Roger B. Hull, managing director National Association of Life Underwriters, and Frank L. Rowland, executive secretary Life Office Management Association.

Starting as an office boy with the Berkshire Life in 1892, Mr. Rhodes later became a general agent in New York and New Jersey, director and vice-president in 1923 and president in 1925.

Higher Education Should Supplement Managers Work

(CONTINUED FROM PAGE 1)

ing to Mr. Wood, because they "short circuited" the manager. Today the emphasis is upon training the manager to train the man. Another weakness was the fact that education was confused with training.

Under present conditions, the new man must be in the field selling from three days to three weeks after becoming associated with an agency. If he is to survive, he must procure in his preliminary training course that which will enable him to sell. This is minimum knowledge, maximum technique and proper habits of work.

The technique of sales talks, etc., is perfected in the beginning by drill and rehearsal rather than by study. The major job of the new agent is similar to that of the new actor—to learn his lines, how to say them and to whom to say them.

Knowledge should be obtained gradually and continuously.

Training courses today either are constructed around the idea of package or single need selling or program selling.

In single need courses the subjects covered are fundamentals—the mathematics; need-uses for life insurance; prospecting—how to find people who will buy; sales talks—what to say to prospects; planning—the work necessary for success.

Program Selling

In program selling a period of two or three weeks is usual as compared to perhaps a week for the study of single need. In program selling an understanding of all needs is essential together with a working knowledge of settlement options. Field work with a manager is usually an essential part of most training plans, he said.

Although there has been quite an improvement in the formal training plans, much remains to be done in the field of continued development of the agents. The C. L. U. movement has been the answer in some, but not all cases.

The experienced man comes upon new questions and problems almost every day that require new information and knowledge. He continues to learn until or unless he gets into a rut. Partly through lack of regular organized instruction after the first few months, too many men, according to Mr. Wood, fail to get beyond a certain level.

The agent who functions to the best interests of society sells insurance not so much as a commodity in itself, according to Mr. Wood, but through a knowledge of the problems of his prospect. It is here, he suggested, that the university courses may be of help. The experienced agent needs much knowledge on a variety of subjects, the least of which may be life insurance.

Every salesman should have a full-length mirror with this suggestion hanging over it, "Before you go out to tell people you represent this firm, look yourself over and see whether you do or not."—R. B. Douglass, Smith-Douglass.

Advance Premium Payments Not Barred in Wisconsin

MADISON, WIS.—Clarifying an earlier opinion issued in October, which held that a life insurance contract which permitted the insured to deposit money with an insurance company and then withdraw it with interest was in violation of the banking laws, Attorney General Loomis advised Commissioner Mortensen that this opinion did not prevent an insurance company from accepting bona fide deposits with interest to pay for the premiums and in the event of death, maturity or surrender of the policy, pay out the unused portion of the accumulation as a part of the benefit.

"In our October opinion we specifically pointed out that there was no objection to allowing interest on prepaid premiums or of granting discounts on premiums paid in advance," Mr. Loomis stated. "Our objection was directed rather to the vice of accepting money under the guise of prepayment of premiums on general deposit as to constitute the operation of a banking business by subterfuge and without the supervision and safeguards provided by the banking laws.

"It is very desirable that the insured should be able to pay the insurance company payments to be applied on premiums falling due in the future. This safeguards both the insured and the company against the hazard of the policy lapsing through non-payment of premiums. Not infrequently it happens that the insured at some particular time is so situated financially that he can take care of several advance premiums whereas he might not have the necessary funds available were he to wait for the regular due dates of such future premiums," the opinion stated.

EDITORIAL COMMENT

Need for Reform in Examinations

THE NATIONAL UNDERWRITER agrees fully with those commissioners and company executives that maintain that the examination of a company should not be done for a profit. That is, inasmuch as the company pays the expense, there should be no margin of profit over and above the actual cost of the examination. Unfortunately some departments in sending out examiners charge more than the examiners themselves really receive. Then again, a flat price is charged for living expense regardless of the city in which the company is located.

An examination, even in an economical way, is expensive. The NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS inaugurated the convention system of examination which is a wise procedure. It has now divided the country into zones so that an examination can be made more comprehensive from a geographical sense. That, of course, means extra examiners on the job. The examination expense has increased naturally. The NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS should take a very positive stand on the expense factor. There are abuses in examinations now from the expense standpoint. They should be corrected. If need be, there should be some pitiless publicity as to the cost of examinations, what states send examiners, how much they charge per day and how much for their living expenses.

In this time the expense ratio of companies is high necessarily. Under our system of supervision, companies should be examined at periodic intervals. However, these examinations should be so regulated and ordered that the outlay be only reasonable and the state or the people participating should not profit by the work.

New Philosophy in Company Rehabilitation

THE decision of the California supreme court in affirming the decision of the lower court in the PACIFIC MUTUAL LIFE case holding that Commissioner CARPENTER followed a legal, justifiable and intelligent procedure in rehabilitation when it became apparent that the old company would collapse because it had not put up sufficient reserves for its non-cancellable business, brings to the front a new point in dealing with cases of this kind.

The company could have been thrown immediately in the hands of a receiver or the department could have taken it over for liquidation. In this way policyholders would have lost much of great value to them. The court in its opinion recognized the fact that there was need for immediate action. If there had been a liquidation, policyholders would have been deprived of their protection. Therefore, the court concluded that the public has a grave and important interest in preserving the business, if that be possible. The court said that the old company was powerless to change the existing non-cancellable policies. The contract and due process clauses prohibited the company from making any changes. These prohibitions, the distinguished court opined, do not apply to the state acting under its police powers. It was contended that the insurance code of California did not permit the rehabilitation of an insolvent company by the organization of a new company but the supreme court holds that the intent of the code is to preserve the business whenever possible and if to rehabilitate such business, a new corporation must be organized the power clearly exists.

In other words, the California supreme court recognizes the important public interest involved in a case of this kind. The policyholders of companies in other states confronted with exigencies could have had their interests well conserved if the California procedure had been followed. There is an immediate loss in case a company is placed in the hands of a receiver. If it can be continued under some form where the interests of policyholders will be conserved then a piece of constructive work is done. This feature in California is new so far as insurance is concerned. However, when an institution is so impressed with public interest that it should be kept together and continued if possible, the insurance department then steps in with its discretionary and police powers and can save the day.

Keeping in Touch with Activities

WHEN an insurance commissioner leaves office and connects with the business of insurance in some way, those who came in contact with him in his official position have the opportunity of seeing him once in a while under a new flag. There are many commissioners who were prominent while in office, who now are equally successful and conspicuous in their direct connections with insurance. It is unusual when a former commissioner gets far from the insurance domain but keeps in very close touch with what is going on. ALBERT CONWAY was one of the most capable superintendents that New York has had. He was regarded as one of the leaders in the country while he was in office. He is now Judge ALBERT CONWAY in New York City but he is called to the colors every once in a while as toastmaster or speaker at an insurance meeting or banquet. When his judicial duties do not interfere and there is an insurance convention in his city he usually can be seen mingling with the throng as he did at the recent meeting of the ASSOCIATION OF LIFE INSURANCE PRESIDENTS and the gathering of the commissioners in New York City.

Measuring the Progress of Life Insurance

Statements to the effect that life insurance production did not stage the comeback that business generally has been demonstrating are readily explained when the long-time record is surveyed. In essence, the reason that life insurance hasn't been making the big percentage gains that have characterized other lines of business is that it didn't fall so far during the worst of the depression. Also, comparisons based on production don't tell the whole story about life insurance. They fail to reflect the swing to annuities and to high-premium investment forms.

These considerations bring up the question of just what constitutes life insurance growth and progress, anyway. Some hold that life insurance sales have always, over the years, shown a "growth factor." In other words, if life insurance sales hold to the same level they really indicate retrogression, since they are failing to keep step with the growth trend.

Progressive companies are turning more and more to the idea that the measuring stick of an agency's success is the welfare of its agents. Extending this principle to the life insurance business as a whole would make agents' commissions, rather than face amount sold, the basis of the institution's progress. Some allowance would have to be made for the number of agents, and the measure would not be strictly accurate since many agents are licensed by more than one company and any attempt to arrive at average earnings would be inaccurate.

Effect of Responsibility

ONE of the most searching and exacting tests of a person's ability in his capacity to grow is when added responsibility is placed upon him and more is expected of him. Frequently a man given greater power becomes artificially inflated, assumes a rather arrogant and superior attitude and takes himself entirely too seriously. Others on being given posts of great responsibility do not curb their ambition and reach out for a greater power. They are hungry for authority. They become impressed with their authority and give evidence of smallness rather than bigness.

When a person is given a place of real responsibility he has the opportunity to develop symmetrically and solidly. If he maintains his equilibrium, has good sense and sound judgment, he will not be carried away by being given greater sway. He grows in grace and broadens as he extends himself. He does not attempt to be a domineering dictator. He keeps a live and warm sympathy for people. He realizes that a give and take policy is a good one. He appreciates that he cannot force public opinion to a breaking point. He must have the people in his organization with him in any new steps that may be undertaken.

Some have been ruined by assuming larger tasks because they were not fitted for them. They lack those essential elements of growth and enlargement of vision that should come with responsibility. They forget others and think too much of themselves. One of the most gratifying experiences is to watch the natural development of one who with greater power becomes a bigger man.

PERSONAL SIDE OF BUSINESS

Wilson M. Brooks, agent at Richmond, Va., for the Sun Life of Canada, former president of the Richmond and Virginia Associations of Life Underwriters and active in National association affairs, has been elected president of the Richmond Civic Forum.

Ben Thorp, 65, executive vice-president and general manager of the Crusaders Mutual Life of Dallas, Tex., died there after a long illness. He was for many years Texas manager of the Federal Life of Chicago and built up one of the largest agencies of that company.

C. D. Corey, vice-president Pan-American Life, New Orleans, has been designated by the supreme council to receive the 33rd degree in Scottish Rite Masonry.

L. H. Kellogg, agency manager Equitable Society in Chicago from 1919 to 1935, died recently at the age of 68. Burial was in Philadelphia, his old home. Mrs. Kellogg remains in Chicago where her daughter and son-in-law, Mr. and Mrs. J. C. Clasper, are agents of the Equitable.

Sidney G. L. Wellbeloved of Williamson & Wellbeloved, Chicago general agents of the Connecticut Mutual Life, has been confined to the Evanston, Ill., Hospital since Thanksgiving. He has been suffering from chronic bronchitis

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for several years and it has now become acute.

C. T. Scott, Virginia manager for the Reliance Life, suffered the fracture of two ribs and injured a leg in an automobile accident near Charlottesville. Field Manager C. A. Willcox, who was with Mr. Scott, escaped injury.

Funeral services were held in San Francisco, Dec. 24, for H. L. Van Winkle, 77, father of **Kellogg Van Winkle**, Los Angeles manager of the Equitable Society and president of the national C. L. U. chapter.

R. T. Besser, brother of Edwin E. Besser, Chicago general agent Lincoln National Life, spent the Christmas holidays in New York visiting his mother. Mr. Besser specializes in salary savings insurance and has completed 270 consecutive weeks of production.

COMPANIES

S. Z. Rothschild New Head of Sun Life of Baltimore

BALTIMORE—Stanford Z. Rothschild has been elected president of the Sun Life of Baltimore taking the place left vacant by the death of M. Rothschild. S. Z. Rothschild heretofore has been a vice-president. J. H. Rosenblatt, heretofore treasurer, becomes vice-president and treasurer; Felix Rothschild, formerly secretary, becomes vice-president; Jay S. Nusbaum, formerly assistant secretary, is advanced to secretary; J. M. Moses continues as general counsel; M. N. Diehl, who was assistant secretary, is elected secretary; Dr. George McLean continues as medical director; C. F. Diehl, formerly vice-president, becomes chairman of the board; S. Rothschild, formerly vice-president, becomes vice-chairman.

Bankers Life of Iowa Names Grimes Agency Secretary

The Bankers Life of Iowa has named John M. Grimes, Jr., as agency secretary. He has been agency committee secretary. Graduating from the University of Missouri's school of journalism in 1926, after three years at Grinnell College, Mr. Grimes joined the advertising department of the Bankers Life and in 1928 was appointed assistant advertising manager. In 1932 he spent one year as a member of the Des Moines agency. Returning to the home office, he resumed his duties in the advertising department and continued there until December, 1935, when he became agency committee secretary.

Old Republic Had Big Year

Old Republic Credit Life of Chicago advises stockholders that new business

Hears from Borah

GIFFORD T. VERMILLION

Gifford T. Vermillion of Milwaukee, manager for the Mutual Life of New York, was featured in national political news this week as the one to whom Senator Borah addressed a letter regarding the Federal Judge Geiger case. Apparently Mr. Vermillion had written to Senator Borah about some aspect of this case and Senator Borah handed his reply to Mr. Vermillion to the newspapers. Borah condemned Attorney-general Cummings' efforts for a consent decree settlement of the automobile financing case with the Ford, General Motors and Chrysler companies after indictments had been voted by a Milwaukee grand jury.

for 1937 will amount to about $25,000,000 as compared with $14,000,000 for 1936 and $9,000,000 for 1935. At present the company is writing over $2,000,000 of new business each month. Old Republic entered New York during the year and that accounts for a good part of its increase. It specializes in insurance covering the lives of borrowers from personal loan institutions.

Asks Receiver for Company

Attorney-General Kerner of Illinois in behalf of Insurance Director Palmer has brought an action in circuit court in Lincoln for liquidation and dissolution of the National Bankers of Lincoln. This is a so-called 1927 assessment life company. As of Dec. 31, 1936, it showed total income $2,033, payments to policyholders, $2,208, other disbursements, $3,364, total disbursements, $5,572, assets, $22,805, policy reserve, $17,536, net surplus, $2,597, insurance in force $263,636.

The petition alleges that liabilities exceed assets by $1,169. There are only 325 policies in good standing. A. L. Richardson is president; Frank Lindley of Paxton, vice-president; C. E. Dehner, secretary.

Cosmopolitan Case Up Jan. 4

LINCOLN, NEB.—The district court has set for trial Jan. 4 the action involving the question of whether the insurance department shall proceed with the liquidation of the Cosmopolitan Old Line Life, as Director Smrha, now in charge, asks, with a view to reinsurance, or whether a receiver should be appointed by the court either to reorganize or reinsure, several groups of policyholders asking for the latter order.

Pacific Mutual in W. Va.

The new Pacific Mutual Life has been licensed in West Virginia, following the decision of the California supreme court affirming the order of the superior court of that state in approving the procedure of Commissioner Carpenter. It is represented in West Virginia by Theodore Hundley, who has been with the company for 20 years and its general agent in the state, with headquarters in Huntington, since 1921. It is now doing business in 39 states and the District of Columbia.

American Moves Home Office

The American Life of Detroit has moved its home office from the Fidelity building to the building at Cass avenue and Fort street, which it occupies entirely, together with its Detroit agencies.

The new quarters provide approximately 30,000 square feet of floor space and the building has been remodeled to permit the consolidation of the many departments. The building was acquired by the American Life in 1917 and was occupied as its home office until 1928, when the company purchased the Fidelity building and occupied three floors as its home office.

NEW YORK

WILSON HEADS MID-TOWN GROUP

Horace H. Wilson, manager of the Equitable Society agency at 295 Madison avenue, was elected president of the Mid-town Managers Association of New York at the annual meeting. Harry Kuesel, Phoenix Mutual, is vice-president and T. W. Foley, State Mutual, secretary. The retiring president is John McNulty, Prudential.

PENNELL HOST AT DINNER

Frank W. Pennell, retiring general agent of the State Mutual Life in New York City, was host at dinner to introduce his successors, Gerald Young, who will take over the downtown office, and T. W. Foley, uptown branch manager whose office becomes an independent general agency. Home office guests included President Chandler Bullock, Vice-presidents R. B. Gordon and Stephen Ireland; Secretary Nelson Wood, Counsel Irving Ring, Actuary Charles Fitzgerald and Treasurer Donald Campbell. Felix Janke, leading producer of the agency and of the company, was toastmaster. Other speakers were T. M. Riehle, manager Equitable Society; Mr. Young, Mr. Foley and Mr. Pennell. There were songs by Gregory Chorlain and Herbert Needs of the agency and also entertainment by professional talent.

ENCOURAGING THE STRUGGLING

A man down the line in life insurance, in speaking of present day conditions in soliciting said that every encouragement is needed for those who are struggling and especially those who are having a difficult time to make a living. The successful producers, he remarked, do not need such a great pat on the back although they are the ones that get credit, brought into the limelight and are wined and dined by managers and company officials. Those who probably have the elements of success in them but are struggling are not noticed as they should be, in this spokesman's opinion. The higher ups, he added, are inclined to shower the very successful producers with praise, letters, congratulations and acknowledgments of various kinds. Even the managers do much to bring these men to the forefront and yet they neglect golden opportunities.

He made the following comment: "There is nothing that is more encouraging to a man who is under a strain, who is doing his best but probably could do better, than to have his manager or some company official take notice of him. The men who are producing large amounts of business do not need this encouragement although they receive it to their full. The higher ups, in my opinion, devote entirely too much attention to the successful men and are not giving thought to those down the line who need kindly words, some recognition and encouragement."

LIFE AGENCY CHANGES

Youngman Named Associate

Given Joint Responsibility by General Agent DeLong of Mutual Benefit in New York

A. V. Youngman, sales promotion manager for the New York City agency of the Mutual Benefit Life, has been appointed associate general agent by General Agent Charles E. DeLong, in charge of the production and management of the full-time sales organization.

Lester Einstein, a member of the management staff, has been appointed assistant to Mr. Youngman and will have charge of the reorganized group of salesmen of which Mr. Youngman had been leader.

A. V. YOUNGMAN

Mr. Youngman entered life insurance in 1925 with the New York City agency of the Mutual Benefit as an agent. Earlier he had sold coal for his father's company for two years following his graduation from Williams College. He soon became a consistent and substantial producer, averaging $750,000 in annual production. In 1932 he was appointed leader of a unit of 22 men in the DeLong organization. A few years later he became sales promotion manager.

He has qualified for all conventions held by the company and in his 12 years in life insurance he has consistently ranked high in production honor clubs, leading the New York City agency in 1936 and in 1937. He became a member of the Million Dollar Round Table of the National Association of Life Underwriters in 1932.

He has been active in association work and is in great demand as a speaker. In 1937 the New York City association elected him president and he has just been elected vice-president of the state association. At the national convention in Denver last summer he took part in a seminar on programming. He is on the program committee for the 1938 meeting at Houston.

Mr. Einstein has been in life insurance in New York City for 17 years starting with the Equitable in 1920 as an agent. One year later he was made assistant manager of the Equitable's Ford agency, a position he resigned this fall to join the DeLong agency as agency assistant.

Opens New Wheeling Office

W. Loar Ferguson of Huntington, W. Va., has opened a new office of the Connecticut Mutual Life in Wheeling, W. Va.

New London Life Office

The London Life has opened a new ordinary office in the Transportation bldg., Montreal, with J. M. Brown, formerly manager of the Phillips Square branch, Montreal, in charge. J. A. Sully, previously manager for Manitoba and northwestern Ontario, succeeds Mr. Brown at Phillips Square.

Lincoln National in Racine

The Fagan-Newell-McQueen Company, prominent general insurance agency of Racine, Wis., has been appointed general agent for Racine and Kenosha counties by Lincoln National Life. Hertel M. Saugman has become vice-president of the agency in charge of the life and accident department. He has had 25 years experience in the life insurance business and lately has been district agent for Mutual Life of New York.

Martin Returns to Maryland

George A. Martin, San Francisco general agent Oregon Mutual Life, has resigned to return to Maryland, where he formerly was executive vice-president of the Continental American Life.

Starting with the Travelers in 1910, Mr. Martin established several production records in the agencies which he supervised or sponsored. Before going with the Continental American, he was in charge of the Travelers' general operations in New York City.

Move Office to Columbia, S. C.

The Prudential has transferred its main state ordinary office from Charleston, S. C., to Columbia to expedite service to the state. J. W. Coleman, former manager at Charleston, where for many years he was associated with his father, becomes manager of the new Columbia office and will establish residence there. An office will be maintained in Charleston.

Wickersham Succeeds Combs

Chase Wickersham has been appointed agency director of the southern California branch office of the New York Life in Los Angeles, succeeding the late A. F. Combs, who died Dec. 10.

Closing Richmond Agency

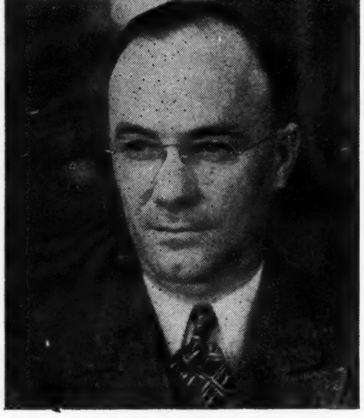
The Bankers Life of Iowa is closing its Richmond, Va., agency Jan. 1. All business in the territory now served by the Richmond office will clear through the Washington, D. C., agency. R. J. Johnson, agency manager at Richmond for the past two years, becomes agency supervisor in Washington.

Crown Life Appointment

The Crown Life has appointed H. F. Grahame manager at Ottawa, Ont., succeeding L. J. Stiver, who has been transferred to the home office at Toronto.

Lionel Moses, with the Ramsay agency of the Connecticut Mutual Life in Newark for two years, has been promoted to cashier and transferred to the Henry Hunken agency in Springfield, Mass. Mr. Hunken was at one time a supervisor in the Ramsay agency.

Travis of Mutual Benefit Home Office to Pittsburgh



C. J. TRAVIS

NEWARK—C. J. Travis, for the past year a field service manager on the agency department staff of the Mutual Benefit Life, is joining the Pittsburgh agency as assistant to General Agent M. Jay Ream. He will devote part of his time to personal production, a greater part to supervision of the sales force, applying the principles of training which the agency department staff developed in 1937.

His new duties will be in effect a continuation, under actual field conditions, of the training work he has been doing since he joined the agency department staff in January, 1937. It was in Pittsburgh that he developed and first practiced his sales training methods, first with a large baking company and, immediately before he joined the agency department of the Mutual Benefit, with a group of life insurance men selected from some half a dozen Pittsburgh agencies.

INDUSTRIAL FIELD NEWS

Cincinnati Veteran Retiring

A. F. Sommer of Metropolitan Life Has Had 43 Years of Service with That Company

CINCINNATI.—A. F. Sommer, manager of the Metropolitan's Cincinnati district is retiring Jan. 1 after 43 years' service. He was appointed manager in Cincinnati in 1904 when there were only two districts here. His record is unusual in that his entire managerial service is in one district. He is succeeded as manager by L. L. Roessle, manager at Youngstown, O., who has over 20 years' service with the Metropolitan. Mr. Sommer, who with Mrs. Sommer and their daughter will leave on a three months' cruise to South America the latter part of January, will continue in personal production after he returns home.

Despite his position as manager which took a large part of his time, Mr. Sommer has been a leading ordinary producer. He specialized in large cases and in 1935 wrote five $250,000 policies. For two years he wrote better than $500,000.

Starting as an agent in December, 1894, at Sheboygan, Wis., Mr. Sommer spent only eight months on the debit before he was promoted to assistant manager at Milwaukee, where he remained until 1899. That year he was appointed home office field inspector and traveled from coast to coast, checking, investigating and taking charge of districts in the absence of the manager. He spent nine years on the road, the last two mainly in charge of various offices. In July, 1907, he came to Cincinnati to assume charge of the office during the illness of George Brown, who was manager at that time. Mr. Brown's condition became worse and in October Mr. Sommer was made manager.

He has taken an active part in civic activities in Cincinnati. He was president of the Metropolitan veterans association in 1933. E. R. Lehman, a nephew of Mr. Sommer, was recently appointed manager of the Milwaukee Sherman Park district, after serving at Sheboygan, where Mr. Sommer started.

C. I. O. Local at Columbus

A local of the Industrial Insurance Agents Union of America has been formed at Columbus, O., and has become a member of the C. I. O. Industrial Council. At a recent meeting the council adopted a resolution offered by the Insurance Union asking congress to investigate the management of the country's largest insurance companies because of their alleged refusal "to permit their policyholders and employes democratic participation in the administration of their trusteeship." The council pledged to buy insurance only from those agents holding union cards.

St. Louis Union Chartered

ST. LOUIS—The American Federation of Labor has granted a charter for an insurance agents union here. Geo. P. Cunningham, president of the union, claims it has a membership of 436.

Territory Is Redistributed

National Life & Accident Sets Up Five Divisions; Promotions Are Made

The National Life & Accident will have five territories after Jan. 1 instead of three, growth having made redistribution of work advisable. W. H. Julian, vice-president and manager western territory, will have supervision over Texas, Arkansas, Oklahoma and Shreveport, La., districts, assisted by Supervisors I. E. Smith and L. W. Sharp, the latter formerly Youngstown, O., superintendent.

G. C. Lynch remains as southern manager with all districts as before except for three additional Louisiana cities assigned to him, New Orleans, Baton Rouge and Lafayette. He will be assisted by Charles Luker and E. C. Mason, formerly Memphis 3 manager, as supervisors.

Northern territory under G. D. Wright will remain the same except for districts in Missouri, Indiana, Illinois, Kentucky and Clarksville, Tenn., assigned to the new northwestern territory. C. E. Howard, supervisor, will assist Mr. Wright.

N. T. Webb, formerly assistant manager western territory, has been promoted to manager new northwestern territory, comprising all districts in Kansas, Nebraska, Missouri, Peoria, Ill.; Evansville, Ind., Paducah, Hopkinsville, Bowling Green, Ky., and Clarksville, Tenn. Supervisor C. E. Massingill will assist Mr. Webb.

The newly created Pacific Coast territory will have A. B. Gawronski, as manager, who formerly was supervisor. He will have charge of California districts. El Paso, Tex., will be returned to western territory.

Study Social Security Act

Industrial Companies Little Concerned Over Death Benefit Provision in New Measure

The death payment provision in the federal social security program and its possible effect on future sale of industrial insurance has received some consideration from industrial companies but there are several reasons why it is not regarded as a serious threat to weekly-premium writings. The law provides that if an employe dies before reaching retirement age 65, his family shall receive all contributions he has made to the federal government, plus an amount equal to one-sixth of that sum, as interest.

He contributes 3 per cent of his pay, (up to $3,000 a year) and if he dies before 65 his family gets back 3½ percent of his earnings while he was working under the plan's jurisdiction. If he dies after retirement, his family gets back the difference between this sum and what he received since retirement.

In 1929, the average wage- or salary-earner got $1,500. Excluding those earning more than $3,000 a year, the average

probably would have been around $1,200. Even this figure is undoubtedly considerably higher than the average wage or salary of the industrial class of policyholder. Assuming an average annual wage of $1,000, the average worker under the social security plan would get as a death payment $35 for each year from 1937, when the plan went into effect, until he dies, if he should die before age 65.

The average industrial death claim last year was slightly less than $200, so in from five to six years the death payment due an employe's family under the act would equal the average industrial death payment—assuming the above approximate figures as a basis.

One reason why industrial-writing companies are less worried about such a condition than might be supposed is that a large share—somewhere more than 50 percent—of industrial insurance, is written on members of the family other than the breadwinner. Even if the husband thought his death refund from the social security administration were large enough to cover his insurance needs, the wife and children would require just as much life insurance as now.

Time Element Important

Another angle is that industrial life insurance promises prompt payment of death claims and lives up to it. Medical, hospital and funeral expenses must be met at once. If other government bureaus furnish a reliable precedent, the social security administration is not going to offer any serious competition with life companies in the promptness of making death payments.

One astute industrial agent already has used this point to good advantage in meeting this form of sales resistance. He merely advises the prospect to write to the government, asking what he will receive as a death benefit under the social security law. Usually a second letter must be written before an answer is received, and it is rarely in such a form that persons of limited education can understand it. The prospect's next move is obvious: to buy life insurance which will be paid promptly and guarantee him the type of funeral which his traditions and self-respect demand.

Indirect Benefit of Plan

Some believe that the security-mindedness produced by the government's program may result in increased sales of ordinary insurance even if industrial sales should suffer. If the industrial type of policyholder could become sufficiently organized financially, he could save his money from week to week, pay a quarterly premium on an ordinary policy and get more for his money by reason of saving the expenses that go with the door-to-door method of collection.

Prudential Opens Branches in Two Eastern Cities

Several changes have been made by the Prudential. An office was opened at Bellefonte, Pa., this being a detached assistancy of the Williamsport district, with L. S. O'Donnell, assistant superintendent, in charge. He has been with the Prudential since 1928, starting as agent at Lock Haven, Pa.

Branch at Albion, N. Y.

Another branch was opened in Albion, N. Y., under supervision of E. J. Rectenwald, assistant superintendent. This is a detached office of the Batavia district, from which Mr. Rectenwald was promoted. He started with the Prudential as agent in 1932. Superintendent J. M. Crump, formerly of Charlotte, N. C., has been transferred in the same capacity to Nashville, Tenn. E. Vernon Heughan, superintendent, takes charge of the Charlotte office.

Superintendent Crump started with the Prudential in 1922 as agent at Richmond, Va., becoming assistant superintendent the next year and becoming superintendent in 1930. Superintendent Heughan started as agent in 1922 at New Orleans, becoming assistant superintendent there in 1926. He was transferred to Nashville in 1931.

Form Triangle Club

F. A. Stolfi of Wilkes-Barre has been elected president of the newly organized Triangle Club, composed of members of three adjacent Eureka-Maryland agencies in the anthracite region of Pennsylvania. Albert Barone of Pittston is vice-president, Michael Cologie of Nanticoke, secretary, and John Troback, general agent at Pittston, treasurer.

Milwaukee Union Election

MILWAUKEE—Leo Feiman has been reelected president of the Milwaukee local of the International Union of Life Insurance Agents which claims a membership of more than 400 industrial agents. Other officers include John K. Burke, vice-president; Charles Arne, recording secretary; Arthur Walters, financial secretary, and Bernie Esser, treasurer. In addition to Local No. 1 in Milwaukee, the union has organized Local No. 2 at Racine and No. 3 at Kenosha, with other locals claimed in process of organization. Membership of 700 is claimed in Wisconsin. The union is independent of either the American Federation of Labor or the C. I. O., and has been granted a certificate as an independent union by the Wisconsin state labor relations board. Negotiations on wages, hours and working conditions are being started with local managers of the companies, with the five-day week the first objective.

Knights Life Changes

Herbert Leedom and Edward A. Cole have been promoted to assistant superintendents of the Philadelphia No. 2 District of the Knights Life of Pittsburgh. M. W. Rosato has been named assistant superintendent of Philadelphia No. 1. All have been agents.

A farewell dinner was tendered to Treasurer Louis Seethaler prior to his leaving on an extended vacation in Florida to recuperate his health. It was attended by all officers, directors and home office employes.

National L. & A. Appointments

Superintendent D. H. Dellinger, Rome, Ga., has been promoted by the National Life & Accident to manager of the Albany, Ga. district. He started as an agent early in 1931 in his former district and was promoted to superintendent in 1933. Managers C. E. Weatherly, Rome, and H. D. Verner, Albany, have been transferred to larger districts. Mr. Weatherly going to Birmingham, and Mr. Verner going to Rome.

Prudential's Dividend Action

NEW YORK—The Prudential will continue the 1937 dividend scale on policies issued before Jan. 1, 1935, except for a reduction in the case of retirement annuities. On contracts issued at current rates, second year dividends will be somewhat reduced and for subsequent years will be adjusted, some up and some down, to conform with lowered interest earnings, but retirement annuity dividends will remain the same. Interest on proceeds will be 3½ percent.

C. L. U.'s Give 1938 Sales Plans

NEW YORK—Each member of New York City C. L. U. chapter gave a two-minute outline of his 1938 sales plans at the December meeting. These ideas included better budgeting of time and money; more use of age changes; more intensive prospecting to offset effects of the recession; more attention to single premium business; larger business on bigger prospects; keying operation to 1938 conditions; devoting one evening a week to cooperative discussion of sales methods with other agents; improvement in skill through company training courses; greater use of visual aids built around organized sales talks; minimum of 50 cases for the year; see more people and give of law of averages a chance to work; talk $100 a month for one year as entering wedge.

Compensation of Agents

E. W. Brailey of Cleveland, general agent of the New England Mutual Life, recently made a very interesting study as to the income of salesmen in his own agency covering a full year's business. He tells the following story which will interest all men in the business who are giving much attention to this particular problem:

Analyzed by Groups

"In making this study I eliminated all of our agents who are not yet two years in service on the ground that it takes pretty close to two years to establish a new man in the business. I also eliminated certain of our associates in Youngstown, Warren and Canton who devote a considerable portion of their time to the general insurance business. In other words I wanted this study to cover only those members of our agency organization who devote their entire time to the life business.

"With these eliminations I discovered that we have an agency force of eighteen full-time established agents. In a year we paid these associates $50,937 in commissions. This is an average of $236 per month per man. The high average monthly income in the group was $600 and the low average $90. I then made a further study of these men in three groups of six each. I found that we paid the top six $28,000, in all, which is an average monthly income per man of $390. The high average monthly income for the year in the group was $600 and the low was $277 per month.

"The second or middle third of the group, six in number, received $14,768, in commissions in 1935, which is an average monthly income per agent of $205. The high average monthly income for this group for the year was $241 and the low $155. The final third or low six in the group of 18 received $8,072 which is an average monthly income for the year of $112. The high average monthly income for the year in this group was $151 and the low $90 per month."

As Seen from Chicago

MANAGER RINDER IN HOSPITAL

E. W. Rinder, manager of the Insurance Exchange building, Chicago, for 27 years, suffered a stroke at his hotel in Evanston, Ill., Christmas eve, just after return from work. He was rushed to St. Francis Hospital, Evanston, where it is reported this week he has a better than even chance for recovery. His heart was not affected, blood pressure was normal for his age and it was believed the stroke was due either to a small blood clot or to nervous collapse. Mr. Rinder's speech was affected for about two hours. His condition, however, still is considered very serious and he is not permitted to see visitors. Mr. Rinder has been in the building management field for more than 30 years, before taking charge of the Insurance Exchange having been assistant manager of the old Continental Illinois Bank building. Prior to that he was connected for some time with Aldis & Co., building management concern of Chicago. He is widely known among insurance people of the country and the service of the Insurance Exchange has set a high mark. R. C. Swanson, assistant manager of the Insurance Exchange, temporarily is in charge during Mr. Rinder's absence.

DR. WALDO MEDICAL REFEREE

Dr. Proctor C. Waldo has succeeded Dr. W. W. Quinlan as medical referee for the Chicago agency of the Mutual Life of New York. Dr. Waldo was assistant referee prior to Dr. Quinlan's retirement, July 9, 1937. He joined the Mutual Life in May, 1923, after having received training in Rush Medical where he graduated in 1919 and at the Philadelphia General Hospital. He taught at the Loyola Clinic for five years prior to 1923. He left the Chicago agency in 1929 to devote full time to personal practice but returned in 1936. He has specialized primarily in children's diseases.

GENERAL AGENT'S BIG VOLUME

E. E. Henderson, Chicago general agent Pacific Mutual Life, personally paid for $523,000 of business in 1937, qualifying for the "Top Stars" club. He wrote 95 cases in the year and paid for 47. Eight agents qualified for the "Big Tree" club. The agency paid for $2,368,000.

COMBINED CONTRACT INCOME

The "Estate & Tax News" of the Harris Trust & Savings Bank of Chicago, speaks of the taxation of income from combined life insurance and annuity contract. It says:

"Combined life insurance and annuity contracts guarantee an annuity to the annuitant and in addition provide for the payment to a beneficiary of a death benefit equal to approximately 91 percent of the consideration paid for the contract.

"The bureau of internal revenue has ruled that where a fair allocation can be made of the consideration paid for a combined life insurance and annuity contract, the contract should be treated in part as life insurance and in part as an annuity. Under this rule an amount of the income from the contract equal to 3 percent of the consideration for the annuity feature would be included in the gross income of the annuitant each year. Any amounts received in excess of such 3 percent would be excluded from gross income until the aggregate amount excluded equalled the amount allocated as the cost of the annuity feature; thereafter the entire income would be taxable.

"A recent decision of the supreme court of Oregon raises a serious question as to whether this ruling of the bureau is sound. Ballou v. Fisher, decided Oct. 13, 1936, 23 Ore. Adv. Rep. 131. The Oregon intangibles income tax law exempts from tax amounts received as a return of premium under life insurance or annuity contracts. Prior to the taxable year the taxpayer purchased a combined life insurance and annuity contract for a single premium of $21,000. Under the contract the insurance company guaranteed the taxpayer a life annuity of $600 per year, and in addition promised to pay $20,000 at his death to the beneficiary named in the contract. These provisions were somewhat more liberal than those under similar contracts currently being issued. For example, most companies now charge a premium of $1,100 per unit instead of $1,050, while the death benefit remains unchanged at $1,000 per unit. Of the $21,000 premium, $17,899.80 was allocated as the cost of the life insurance feature, and the remaining $3,100.20 as the cost of the annuity feature. During the taxable year the taxpayer received $651.40 under the annuity feature, and $318.60 as a dividend under the life insurance feature, or a total of $970. The taxpayer claimed that the entire $970 was exempt from Oregon income tax as a return of premium.' After examining the contract, however, the court held that all of the amounts received under the contract were in the same class as 'interest,' and were therefore taxable in their entirety as ordinary income. In reaching this conclusion, the court said:

"'It is immaterial what cognomen we attach to these contracts. The law will look behind the name of the contracts. We are inclined to the belief that discussion of the exact kind of policies or combination of policies does not assist in solving the problem involved. . . It seems to us that the payments made to the plaintiff under the contracts were just as much pure income, and not a return of premiums, as they would have been had plaintiff gone to a bank or trust company and given it $20,000 to invest for him and the bank or trust company had agreed to pay him 3 percent interest on the $20,000, and a portion of the earnings, subject to the payment by him of overhead of $50 per thousand, or $1,000, and the bank or trust company had paid him the 3 percent. Such a transaction would be no different in legal effect than the one under consideration. . . . No risk was taken by the company. The death of plaintiff merely fixed the time for the payment of the policies, if no arrangement had been made for payment in accordance with the options permitted by the policy. A contract which provides for a return of the consideration paid is not a life insurance or annuity contract. . . . Under the terms of these favorable contracts evidencing investments, the plaintiff received a cash income which left his principal unimpaired. The receipts were income to him in every sense of the word.'

"This decision, of course, has no direct effect on liability for federal income tax, or for state income tax in states other than Oregon. However, persons interested in contracts of the same or a similar kind should consider the possibility that the federal authorities may revoke the ruling referred to above and change their viewpoint to accord with that of the Oregon supreme court."

Life-Annuity Combination Now Less Important Form

The single premium life insurance and annuity combination contract which in years past took a very significant place in the business, because of the medical examination requirement and other restrictions put in force about a year ago by most companies has sunk to a form of comparative unimportance. One well informed person reports the only American companies that will now write this contract in substantial amounts without examination are the Prudential and Travelers, and that the Guardian Life will write without examination up to about $25,000. Some Canadian companies also are more liberal in considering this form.

However, the majority of the companies in this field began to take steps some years ago to make the contract less attractive, in order to check somewhat the flood of cash that was coming in and required investment on a comparatively low interest basis. The medical requirement was one imposed for administrative reasons and not because of any medical demand.

Under this form sold at $1,060 per unit, there was scarcely any risk for the issuing company at any time, and sold on the present general basis of $1,100 there is said to be no risk from the time of issuance. Substantial surrender values are charged for the first seven or eight years which serve to discourage cashing out, and in case of a death claim the company has received a single premium deposit of more than the face amount. The premium charged above the face is sufficient to take care of agent's commission and the expenses on the form, it is said.

General agents' commissions formerly allowed ran from 4 to 5 percent, but these have been reduced to 2½ to 3 percent, thus also to an extent discouraging sale of the contract.

Connecticut Mutual Forms Salary Savings Division

E. A. STARR

Connecticut Mutual Life has appointed E. A. Starr as manager of salary savings, this being a new division of the agency department.

Prior to his association with Connecticut Mutual, Mr. Starr was assistant manager of the salary savings division for the Equitable Society. He traveled extensively and played a large part in the establishment of salary savings plans in many concerns.

Shortly after graduating from Wesleyan University he entered life insurance as an agent with the H. A. Chipman agency of the Equitable in Columbus, O. In six years he wrote an average of 100 policies a year, many on the salary savings plan. In 1936, he was transferred to the home office.

Mr. Starr will be engaged in the education and training of Connecticut Mutual agents in salary savings work. He also plans to contact, with agents, concerns which are interested in adopting the salary savings plan.

Connecticut Mutual has been interested in salary savings for four years. The appointment of a manager reflects the favorable experience and the belief that there is opportunity for even greater development in the field.

Equitable App-a-Week Agent's Suggestion

H. B. Hensel of the Equitable Society at Wilmington, Del., who has had 295 weeks of consecutive production says that there are times when it is very difficult to get an application a week. There are two aids, he said, which have never failed him. First, he advises agents to try for at least one salary savings unit. He finds it pays to cultivate employes thoroughly at the plant if possible. He averages nearly one application a week from his salary savings units. Because employes see each other constantly they will boost the agent to each other if he deserves it.

Secondly, Mr. Hensel finds someone else with a consecutive weekly production as a goal and works jointly with him. He works with H. B. Newkirk of Salem, both having the application a week objective. By working together it is possible, he finds, to secure an order, whereas if he were laboring alone he might not be able to turn the trick.

Funeral services were held at Minneapolis Dec. 28 for **Harry W. Faerber,** for several years general agent there for the Provident Life of North Dakota.

C.L.U. NEWS

BEHAN SPRINGFIELD SPEAKER

The Springfield, Mass., C. L. U. chapter at its semi-annual meeting heard Vice-president J. C. Behan of the Massachusetts Mutual Life describe the 1938 insurance week plans. President C. K. Litchard appointed a committee to cooperate with the Springfield Life Underwriters Association in promotion of the C. L. U. movement. New members admitted were D. N. Ellis of the Litchard & Cook agency of the Massachusetts Mutual and Hugo R. Schmitt, general agent Penn Mutual Life.

ANALYZES BUSINESS SLUMP

Analysis of causes underlying the business letdown was made by Dean C. S. Tibbetts of the school of business administration, University of Pittsburgh, at the December meeting of the Pittsburgh C. L. U. chapter. W. M. Duff, president E. A. Woods agency, Equitable Society, and No. 1 in the C. L. U. ranks, introduced Dr. Tibbetts. The educator blamed maladjustment or lack of balance in price structure, business men's perturbation over what they feel is unsympathetic attitude of government towards business, and inventories carried too high in the spring, averaging 33 percent above 1933 level. Eight years of depression, he said, have not served to harden the people against reverses, but they are more jittery, hysterical and sensitive to variations in the economic situation. A big building boom would materially aid business.

The improved banking system is an important balance wheel and he feels there is little likelihood the disastrous bank failures of the past will ever be repeated. However, the economic system is struggling to go ahead in face of hampering restrictions of government. Prolonged letdown probably would lead to new demands for government spending and great political pressure might make a balanced budget impossible. Dean Tibbetts said the necessity for tremendous government spending is past. He concluded with a plea that an end be put to further reform legislation, that the government keep hands off business for awhile and give business men an opportunity to work out their own salvation.

KOEHLER TO LIST OBJECTIVES

R. S. Koehler, Jr., Mutual Benefit Life, a director of the Pittsburgh Life Underwriters Association, will speak on "My Clients for 1938" at the Pittsburgh C. L. U. meeting Jan. 17. He will discuss the schedule of objectives which he maps for himself each year.

Companies Together Yet Apart in Options Move

(CONTINUED FROM PAGE 1)

selection might become. Obviously, the worse it would be for the companies, the more widely it would be utilized by policyholders and their beneficiaries if they had an untrammeled right to do so.

5. A secondary beneficiary will not have the right to select a mode of settlement for any part of the proceeds if the primary beneficiary is still living when the insured dies.

The "30-Year Rule"

6. The 30-year rule. This provides that income payments, on whatever basis selected, shall not extend beyond the lifetime of the principal beneficiary or a period of 30 years from the insured's death, whichever is greater, except that an automatic life income option may be provided for the secondary beneficiary. The purpose of this rule, which with the ban on switching from one option to another are probably the two most important in the program, is to prevent the writing of agreements which may cover anywhere up to the next hundred years, obligating the company to keep track of numerous contingent beneficiaries, possibly engaging in expensive litigation if some of the beneficiaries do not feel they have been treated just right.

7. The option providing that proceeds be paid out over a specified period of years shall be limited to 30 years. Many companies already observe this rule.

Double Indemnity Provisions

8. Where double indemnity is involved under a settlement selected by the insured, the proceeds of a double indemnity provision must be paid in cash or paid out as if part of the proceeds under the agreement covering the face amount of the policy. Some companies make an exception where the double indemnity covers large policies. The aim is to prevent settlements providing an entirely different setup in case double indemnity is paid.

9. No settlement options shall be written involving a remarriage contingency or if they involve presentation to the company of evidence that the beneficiary has remarried. Companies fight shy of such provisions anyway.

Limit Indirect Payments

10. No provisions are to be made for payment of interest or installments through any corporation, a trust company, for example, or any person presumably charging a fee for receiving these payments, except in the case of a minor beneficiary.

11. In case the policyholder elects a mode of settlement under which a primary beneficiary has the right to withdraw all or practically all of the proceeds, the company will not write a provision which includes a mode of settlement for a second beneficiary. This would not bar the usual type of agreement under which the primary beneficiary is allowed to withdraw up to a certain moderate amount or percentage each year. The purpose of the rule is to prevent disappointments of secondary beneficiaries through failure of the insured to understand that when the primary beneficiary has the right to withdraw all or virtually all of the proceeds, she is in effect the full owner of the proceeds.

Possible Uncertainties Involved.

For example, a policyholder might think that he had a college education option set up for his children, but a provision permitting his widow to withdraw the proceeds could wreck the educational program. Also, it might be contended by heirs of the primary beneficiary, if they were not exactly the same persons as the secondary beneficiaries, that the "first taker" was the actual owner of the proceeds and that any remainder should be distributed as part of her estate and not according to the settlement option provision directing that it go as income to a secondary beneficiary.

Individual Differences Found

The Metropolitan, New York Life, and John Hancock will not make an income settlement to an assignee or corporation.

Most companies making changes provide that where insured takes his surrender value on an optional mode of settlement, any remainder at his death must go to the beneficiaries in a lump sum.

The John Hancock has an unusual variety of provisions for switching from one option to another. The shift may be made within one year of the insured's death at a date or an age of the beneficiary specified by the insured or beneficiary. The Union Central restricts such shifts to an automatic date unless the beneficiary makes her choice within six months of the insured's death. So far the company has made no other changes in line with the model program.

Metropolitan and Prudential will not permit a shift in option by the beneficiary though the insured may designate a specific date for the option to change automatically.

The Connecticut Mutual contemplates no immediate change toward the model program. The Massachusetts Mutual is sympathetic to the program and does not intend to pay monies beyond secondary beneficiaries except where there are unusually good special reasons.

The Mutual Benefit Life has not decided to what extent it will go along with the program. The Phoenix Mutual expects to introduce changes before long.

The foregoing information dealing with specific company practices or intention is given through the courtesy of R. B. Proctor, supervisor of programming, Bethea agency Penn Mutual Life, New York City, who has made a survey of a number of the leading companies.

RECORDS

Canada Life—The grand challenge campaign in which 31 branches in Canada and United States participated during October and November produced paid business totaling $9,450,397. This exceeds the production of last year's campaign by more than $1,960,000 or 26 percent.

It was the most successful contest the past five years. The allotment of all branches combined was exceeded by over $1,600,000 or more than 20 percent. The volume of issued business in November was the largest of any month since 1932. Quality business was emphasized.

Church Life—Insurance written for the first 11 months of this year was 16 percent more than in the same period of 1936. Insurance in force was $22,250,000. Outstanding annuity contracts call for payment to annuitants of more than $250,000 a year. Assets amount to $4,500,000 and net surplus more than $1,000,000.

ASSOCIATIONS

Agency Executives to Speak at N. J. Sales Congress

NEWARK—Prominent executives predominate as speakers for the sales congress of the Life Underwriters Association of Northern New Jersey here Jan. 14. Commissioner Withers of New Jersey will be a guest but will not speak.

The program will open with an organ recital by James Phillipson, organist of the Mutual Benefit Life. John R. Hardin, president Mutual Benefit Life, will give a brief address of welcome.

C. P. Dawson, assistant manager W. H. Beers agency New England Mutual Life, New York, will talk on "Locating and Approaching Today's Markets."

A "recapitulation" of a series of talks on "Business Insurance" will be given by S. J. Foosaner, Newark attorney.

R. B. Coolidge, superintendent of agencies Aetna Life, will talk on "Programming" and J. A. Giffin, assistant agency manager Phoenix Mutual Life, on "Men of Vision."

Prof. W. B. Bailey, economist of the Travelers, will talk at the luncheon on "Jersey Markets for the Life Underwriter."

J. B. MacWhinney, chairman of the sales congress, will preside.

Harrisburg, Pa.—"Prospecting That Brings More and Better Sales" was discussed by Bert C. Nelson, Milwaukee agent Northwestern Mutual Life, at the December meeting.

Springfield, Ill.—J. M. Buckley, Provident Mutual Life in Chicago, will speak Jan. 21.

Albany, N. Y.—As a result of recent activities membership is now 80, larger than for many years. More than 100 attended the annual clambake in September and an average of 80 are attending luncheon meetings. This compares with a former attendance record of between 25 and 40. An intensive membership effort is planned in January.

Pittsburgh—At the first meeting of the new year, Jan. 7, De Loss Walker, associate editor of "Liberty" magazine, will speak.

First Policyholder Dies

MADISON, WIS.—Charles Ingram, 71, of Durand, Wis., former speaker of the state assembly, who died recently, held the first policy issued by the Wisconsin state life fund, according to Commissioner Mortensen. The policy, taken out when Ingram was 46, had been in effect 25 years. Premiums on the $1,000 policy totaled $923.78, but dividends and other credits amounting to $408 reduced the net payments to $515. The state life fund has paid out more than $80,000, according to the commissioner. The fund has $500,000 in assets, 1,177 policies and $1,847,090 of business written.

Will Meet in Florida

Connecticut Mutual Life general agents will hold their annual conference at Hollywood-by-the-Sea, Jan. 10-12.

Cohen Purchase of Fidelity Fire Is Jeopardized

(CONTINUED FROM PAGE 3)

learned of the proposal to convert into a casualty company, Mr. Gough was as cool to that idea as he had been to the participating scheme. He said he would have to be satisfied about the company's financial condition before he would file an amendment to the charter permitting the switch to casualty. This would mean a complete examination by the department and the company has not yet taken any steps to have the charter changed.

Gough Against Life Stock

Since the fire business is all reinsured and no casualty business has yet been written, Mr. Gough has let things ride along in a manner he would not permit if the insuring public's interests were affected. In addition to insisting on the complete examination before permitting the change to a casualty basis, Mr. Gough said he would not license the Fidelity as a casualty carrier as long as it continues to hold a controlling interest in the Reserve Loan Life. He does not consider that so large a block of stock of a life insurance company is a sufficiently liquid investment for a casualty company. The Reserve Loan Life bought the Fidelity's mortgage investment, so that in effect, the Fidelity now owns Reserve Loan Life stock in place of the former mortgage investments it had, though through its control of the Reserve Loan Life it still retains an interest in the mortgages in question.

Frank B. Off, a city commissioner of Atlantic City and director of the city's bureau of taxation and finance, was president of the Fidelity until the Cohen group took over control a few months ago. Mr. Off felt that while the Fidelity officers knew their way around in the fire business they were getting into too deep water in essaying the casualty field. He resigned, and though he believed $8 to be too low a price for his stock, of which he held a substantial amount, he sold his along with the others to the Cohen interests. He also felt the New Jersey department would frown on the casualty idea.

Local Lawyer Now President

Meyer Krechmer, local attorney, is now president. Though never in financial straits, the Fidelity was affected by the depression like all companies and to a great extent because of a timid public's big-company complex resulting from the depression. The company was soundly managed, however, for rather than be bothered with sleepless nights over possible catastrophe losses the Fidelity reinsured all policies above $250 with the Inter-Ocean Reinsurance.

What the next move will be is uncertain though it probably will not be long delayed. Since the insuring public's interest is not at stake, Mr. Gough is not constrained to take immediate action but he has indicated that he will let the present situation drag along indefinitely without taking steps on the ground that the Fidelity is not exercising its charter powers.

N. Y. Insurance Law Revision Analyzed by J. J. Magrath

(CONTINUED FROM PAGE 4)

state insurance fund and certain agencies of the United States government, are described by type rather than named. This is an attempt to get away from the granting of exemptions (for political reasons) by naming the society and substituting exemptions on the basis of organization and type of business.

Unauthorized insurers are prohibited from maintaining any office in the state except for the purpose of adjusting losses on property that was located outside the state when the policy was issued.

Kinds of Insurance Authorized

The kinds of insurance authorized are included in one section containing 25 sub-sections. They include:

Life insurance, including disability waiver of premium, additional benefit for accidental death and annuities dependent on the life of beneficiaries.

Annuities dependent upon life contingencies.

Accident and health insurance, including a subdivision thereof intended to describe what may be called "permanent disability benefits" and "non-cancellable accident and health" coverage. The purpose of making this subdivision is that special conditions may be prescribed for these costly and sometimes disastrous underwritings.

Article V lists admitted assets and certain assets not admitted. It describes certain liabilities and reserves required.

Insurers are prohibited from borrowing on the pledge of large portions of their securities without getting approval. Some insurers taken for liquidation in the past were found to have pledged their best assets as security for loans to relieve a cash stringency.

A much disputed and important feature of the revision is the requirement that policy reserves of all companies be invested in the class of securities eligible for life company investment. This is a reform designed for improved policyholder protection. The class of such investments is described with more care and detail than heretofore but may need some amendment.

Investment in mortgage loans is limited to 15 percent of admitted assets unless the excess of such investments is limited to 50 percent of the value of the underlying realty values in which event the total limit of investment in mortgages becomes 40 percent. Insurers, other than life, are permitted to invest the residue and surplus funds in other securities with certain exceptions, such as stocks or bonds of insolvent companies, capital stock of the investing insurer, subsidiaries that are not insurers or incidental to the business. Insurance company stocks when bought may not exceed 35 percent of the net worth of the investing insurer.

Investments in other than government bonds and insurance company stocks may not exceed in any one institution or on all real property owned more than 10 percent of the admitted assets. Collateral loans are limited to 75 percent of market value of the security and an aggregate of 5 percent of admitted assets of the investing insurer. These are designed to produce diversification and limit of single loss.

Agent and Broker Defined

Amortization of bonds is required for life companies and may be required of other companies by the superintendent. Other assets may be valued by the superintendent at the fair market value. This would permit the so-called "convention values."

In Article VI the meaning of "acting as an agent or broker" is more completely defined than heretofore. A limited use of the unlicensed market is permitted on ocean marine and out-of-state risks. Brokerage of life insurance is permitted.

Written examinations for agents licenses may be classified into four kinds dependent upon the classes of insurance to be transacted by the agent. The requirements for study or apprenticeship of insurance brokers are made more severe. The practical effect is to require such study in a degree conferring college, the Insurance Society or the Insurance Institute or apprenticeship in responsible underwriting or claim work.

A broker is deemed the company agent for collection of premiums on policies he orders. The power of excess line brokers is only slightly expanded.

Insurance Contract

Article VII is devoted to the insurance contract. It provides that a policy must contain the entire contract. This is to avoid incorporating conditions by reference.

In the section on "insurable interest" an attempt is made to recognize a new type of coverage involving "personal accident insurance benefits payable to persons injured through some responsibility of the policyholder."

Exclusions in Life Policies

Exclusions in life policies are limited to death from military or naval service, suicide within two years and aviation, except as a fare paying passenger on a licensed plane with a licensed pilot.

Many new provisions are included in the standard and optional provisions for various kinds of life, accident and health, annuity, group and industrial policies. The exemption of life insurance proceeds from attachment is made more specific and changed somewhat.

Streamlining the Rate Manual

The committee in charge of preparing the simplified and convenient new rate book of Old Line Life of Milwaukee is shown here at its task. From left to right the members are: P. A. Parker, agency director; F. J. Chandler, assistant agency director; H. B. Sturtevant, actuary; W. J. Moore, secretary; M. F. Ryan, treasurer, and F. R. Davenport, agency secretary.

The book is handy in size, light weight, attractive and easy to use. When opened, it lies flat, remains open and contains just seven sections, thumb indexed.

The book is set up on the age basis. Accordingly reference to any other section is eliminated once the agent has turned to the page giving the prospect's age. Here is given all the information needed: Rates, values, special class premiums for all regular policies—all grouped under the age heading. Rates are quoted on the annual, semi-annual, quarterly and monthly basis, with and without disability.

An attractive loose-leaf sales manual has been prepared as a companion piece. It is divided into five sections. There is an introduction to the company and its officers. Then follow general instructions, life insurance fundamentals, with complete policy explanation; simplified estate planning and profitable selling. The value of arranged sales talks is emphasized in section 5 and prepared talks are given on several forms.

The manual is printed in two colors with thumb nail sketches, illustrations and half tones.

LEGAL RESERVE FRATERNALS

Fraternal Week Is to Be Observed May 2 to 8

The week May 2-8 has been designated as Fraternal Week by the executive committee of the National Fraternal Congress. Announcement was made by Mrs. Dora Alexander Talley, president and president Woodmen Circle, Omaha. This is an annual event dedicated to keeping alive the spirit of fraternalism, and is observed countrywide by societies and their lodges through ceremonials, drills and junior activities. The N. F. C. resolution in part stated: "There is an ever increasing demand that one week each year be set apart by the fraternal societies of this continent as Fraternal Week; at least one day of that week in every city, town, village and community be unselfishly consecrated to the exemplification of the fundamental ideals and principles upon which the whole structure of benevolence and social security rests. To that end the National Fraternol Congress of America, the several state fraternal congresses, the chief executives of all the fraternal organizations, the officers of the local lodges, and the jurisdictional, state and field representatives will join in sponsoring and promulgating such activities and demonstrations as will leave no doubt in the minds of the citizenry of the country of the wholesome and benevolent influences of these organizations, severally and collectively, to the home, the state, the welfare of people of the commonwealth thus favored, and more especially to the equilibrium of the nation itself."

Chief executives of all fraternals were asked to join in making the week successful. State congresses and local lodges were urged to secure cooperation and influence of all civic and municipal authorities.

Presidents of state congresses were named chairmen of special committees by President Talley to make arrangements in their states for the celebration.

C. O. O. F. Office Coordinated

The Catholic Order of Foresters, which recently moved into new quarters at 30 North La Salle street, Chicago, has brought all departments and members of the executive staff together into a well knit unit. In the past various executive offices, not including Thomas H. Cannon, high chief ranger, and Thomas R. Heaney, secretary, have lived in various other cities. The organization now is quartered all on one floor. There are 65 employes. The C. O. O. F. is the eighth largest fraternal, having started operations in 1883. It has headquarters in the present location for 40 years. Mr. Heaney has just returned from Miami-Battle Creek sanitarium in Florida, where he recuperated from a back injury which resulted in a broken vertebra that required him to be in a plaster cast for several months.

Benz Reelected President of Aid Association; Big Gain

APPLETON, WIS.—Alex O. Benz was reelected president of the Aid Association for Lutherans at the annual directors meeting. Otto Rentner, Chicago, was elected vice-president and counsel; Albert Voecks was reelected secretary, and William Zuehlke, treasurer. Reelected to the board were Mr. Benz and William Klem, Appleton; Arthur Kruse, Cleveland, O., and John Zschoche, St. Louis. Trustees elected are John Grupe, Hilbert, Wis.; Henry Kahnert, St. Paul; Robert Plogt, Milwaukee, and W. F. Schultz, Chicago.

Reporting to the directors President Benz said total assets are now $24,391,-665, an increase of $3,113,548 during 1937, the largest in the history of the fraternal. Interest earned on bonds and mortgages for the year was $1,000,936, a gain of $94,000 over the 1936 figure. For the year ending Oct. 1, the association issued 11,508 adult and 5,549 juvenile certificate, a total of 17,057. The additional $17,613,850 brought the total insurance in force to $177,294,313.

SALES MEETS

Program for Ordinary Men of Commonwealth Life

The ordinary agents of the Commonwealth Life are holding their annual convention in New Orleans on Jan. 4-6. About 60 are expected to attend.

Speakers include:

J. Herbert Snyder, vice-president and manager of agencies; Judge Homer W. Batson, president; T. M. Simmons, New Orleans Underwriters Association; C. D. Haskins, general agent, Union City, Tenn.; H. T. Weinstein, Youngstown, O.; A. M. Wells, Brookhaven, Miss.; J. R. Hoffman, secretary; Glen H. Alexander, general agent Lima, O.; Robert Gandy, general agent Jackson, Miss; T. A. Peake, ordinary instructor for industrial men.

Also: Monroe Smith, director of agencies; I. Smith Homans, executive vice-president and actuary; Gayle Prather, supervisor; Marcel Dreyfus, manager Northeastern Ohio; H. F. Longino, district manager, Retail Credit Co.; W. R. Davis, general agent Louisville; D. H. Quirey, general agent Evansville, Ind.

Peoples Life Iowa Roundup

DES MOINES—Iowa agents of the Peoples Life of Indiana held their semi-annual meeting with a round table discussion and luncheon. Thirty agents and 125 guests attended. Oliver C. Miller, Des Moines, Iowa director, presided, and Arthur C. Louette, vice-president and manager of agencies, attended.

Sales Meet in New Orleans

The Provident Mutual Life will hold its annual agency convention in New Orleans early in February.

REJECTED RISKS

Studies Made by O. J. Arnold

MINNEAPOLIS—Business girls are rapidly losing interest in reducing diets, although three out of four prefer marriage to a business career, according to a study of approximately 2,600 "white-collar" workers sampled from 23 cities by Northwestern National Life. A total of 147 were 15 pounds or more overweight; 717 were within normal weight range for their height; 392 were underweight. The average height of the girls in the study was five feet four inches; their average weight was 125.6 pounds, which while conforming to insurance health standards, would rate as fairly solid compared to Worth and Patou mannequins. Almost exactly 75 percent of the girls admitted that they would prefer marriage and home life to a business career.

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A man desiring to enter life insurance wrote to the president of a company asking him if he had anything to suggest. The president had an associate who had a home on an island near the Florida coast. The president wrote to the man suggesting that he try his luck on this island. This is his reply:

"Your proposal to employ me as special agent of B. Isle with prospective expansion to neighboring islands looked at first like a first-class proposition. It's certainly a choice assignment as far as being a garden spot. I have made a survey of the field.

"The Websters run a barroom and are not popular in this country which means a lot from a safety standpoint. The lady next door lives in sin 'cause she's not lawfully married. The two Sun boys never have any money. Mrs. Wilson writes poetry, sweeps the road, and other goofy things. Cap Wains is quick on the trigger, or used to be. The Whaley boys got mad at a bootlegger for shortening on a bottle of booze and shot the fellow and his assistant, the former dead, and had to go to jail until we neighbors bailed him out where he now is but a man who is impulsive like that is likely to do something impulsive which I understand insurance companies do not like. And the former postmaster, while retired by age, tells me that he goes around in circles.

"The real he-man recently got married. White is his name but then he joined the P. T. A. and the most promising prospect is the richest man on the island but he died a few months ago and his cousin, too, and his nephew, he is just one of the best judges of liquor, has been appointed head of inspecting bureau which is risky.

"And so without bothering you further, well, the whole proposition does not look so good. Hoping you are the same,

B. F. C.

P. S. I forgot to tell you that Mr. Logan of Jug Creek is not a good prospect for he is in the penitentiary and Lord only knows when he will get out because he has a habit of moonshining.

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Why is it necessary for anyone reading a telegram at a banquet or conference to interpolate the word "stop" at every period where it is written in the telegram? No reader says "period" but if the word "stop" is written out as it is frequently done in telegrams the reader evidently desires to inject merriment by using the word. It is a monotonous custom.

NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem," Published Annually in May and March respectively. PRICE, $5.00 and $2.50 respectively.

Premium Rates Increased

Old Line Life of America Takes Action on Policies Effective as of Jan. 1

The Old Line Life of America, Milwaukee, is increasing life premium rates on all insurance issued beginning Jan. 1. The increase will vary according to plan. This action is in line with the general practice of life companies in revising premium rates upward or reducing dividends to meet rising costs and higher taxes, and is coupled with the fact that Old Line Life policies guarantee 3.5 percent interest. Illustrative rates at quinquennial ages, compared to the old rates, are:

	Ord. Life		20 Pay		20 End.	
Age	New	Old	New	Old	New	Old
10	$11.18	$11.18	$19.20	$18.00	$42.47	$41.65
15	12.32	12.20	20.80	19.55	42.67	41.85
20	13.90	13.48	22.65	21.38	42.89	42.07
25	15.78	15.26	24.78	23.48	43.07	42.29
30	18.21	17.64	26.79	26.05	43.41	42.69
35	21.42	20.82	30.59	29.29	44.18	43.54
40	25.68	25.05	34.64	33.38	45.60	45.11
45	31.30	30.65	39.70	38.51	48.01	47.74
50	38.75	38.08	46.14	45.03	51.91	51.91
55	48.65	47.97	54.49	53.48	58.37	58.37
60	61.92	61.24	65.70	64.80	68.13	68.13
65	79.89	79.88	....	....	....	....

	End. at 65		Life at 85		Life Exp. Term	
Age	New	Old	New	Old	New	Old
10	$13.72	$13.38	$11.93	$11.93	....	....
15	15.42	15.03	13.30	13.18	$ 9.53	$ 9.53
20	17.58	17.14	15.10	14.70	10.23	10.23
25	20.35	19.87	17.14	16.57	11.35	11.35
30	24.07	23.57	19.62	19.01	12.72	12.65
35	29.28	28.77	22.90	22.29	15.30	14.74
40	36.83	36.32	27.34	26.67	18.46	17.45
45	....	....	33.16	32.47	23.33	21.81
50	....	....	40.88	40.16	29.25	27.97
55	....	....	51.09	50.36	37.40	36.25
60	....	....	64.89	63.99	49.54	48.64
65	....	....	86.25	86.25	....	....

Hospital Policies Are Competing

Accident and health salesmen report that they encounter these days some sales resistance from prospects who have purchased hospitalization contracts of one kind or another. Some assured are in the mood to drop or reduce their regular accident insurance, thinking they have adequate protection in their hospitalization contracts. The resistance is found to be particularly strong on the part of those to whom the hospital plan has been recommended by employers and who signed up on a payroll deduction basis.

The good salesman is able to overcome that resistance by pointing out the limitations of the hospital plan is good but that it by no means replaces regular personal accident insurance. Some agents advise such persons to consider their hospital contracts as health insurance, supplementing accident cover.

Pink Undergoes Appendectomy

Superintendent Pink of New York underwent an emergency appendectomy in the Methodist Episcopal hospital in Brooklyn the day after Christmas. He is reported to be making a good recovery.

Connecticut General Increase

Dividends for 1938 Are Materially Advanced, Interest Rate Set at 3½ Percent

Rate book inserts showing the adjusted dividend schedule for participating premium paying policies issued subsequent to March 1, 1937, on 3 percent interest reserve basis have been sent to agents by the Connecticut General Life. The dividends are increased 25 cents per $1,000 at all ages over the tentative schedule announced March 1. The net effect of the new scale on participating policies issued prior to that date is in general a sizable increase in dividends on premiums paying policies and a substantial reduction in dividends on full paid and single premium policies where reserve is substantial and interest is the major factor. The dividend scale applicable to policies issued with disability benefits prior to April 1, 1928, except certain policies issued prior to June 1, 1922, with a special disability rider, continues without change.

Dividends left at interest under participating policies will accumulate at 3½ percent interest and excess payments will be at 3½ percent. The new dividend scale on several more popular forms is:

Ordinary Life

	Cash Dividends at End Year				
Age	1	5	10	15	20
20	$ 3.06	$ 3.28	$ 3.60	$ 3.97	$ 4.40
21	3.07	3.30	3.63	4.02	4.47
22	3.09	3.33	3.68	4.08	4.54
23	3.11	3.36	3.71	4.13	4.61
24	3.13	3.39	3.76	4.19	4.69
25	3.15	3.42	3.81	4.26	4.77
26	3.17	3.45	3.86	4.32	4.85
27	3.20	3.49	3.91	4.39	4.94
28	3.22	3.52	3.96	4.46	5.03
29	3.24	3.56	4.01	4.53	5.12
30	3.27	3.60	4.07	4.60	5.21
31	3.30	3.64	4.13	4.69	5.31
32	3.32	3.68	4.19	4.77	5.41
33	3.36	3.73	4.26	4.86	5.52
34	3.39	3.78	4.33	4.95	5.63
35	3.43	3.83	4.40	5.04	5.74
36	3.46	3.88	4.47	5.14	5.85
37	3.51	3.95	4.56	5.25	5.98
38	3.54	4.00	4.64	5.34	6.10
39	3.59	4.06	4.73	5.46	6.22
40	3.64	4.13	4.82	5.57	6.35
41	3.69	4.27	4.92	5.69	6.49
42	3.74	4.28	5.02	5.81	6.63
43	3.80	4.36	5.12	5.94	6.77
44	3.85	4.44	5.23	6.06	6.91
45	3.91	4.52	5.34	6.19	7.05
46	3.98	4.61	5.46	6.33	7.21
47	4.05	4.71	5.58	6.48	7.36
48	4.12	4.80	5.70	6.62	7.52
49	4.20	4.91	5.84	6.77	7.68
50	4.28	5.02	5.97	6.93	7.84
51	4.36	5.13	6.11	7.08	8.01
52	4.46	5.25	6.25	7.25	8.18
53	4.55	5.37	6.40	7.42	8.35
54	4.66	5.50	6.56	7.59	8.54
55	4.76	5.64	6.73	7.77	8.72
56	4.88	5.78	6.90	7.96	8.91
57	5.01	5.94	7.08	8.16	9.12
58	5.13	6.10	7.27	8.35	9.33
59	5.28	6.27	7.46	8.56	9.55
60	5.42	6.44	7.66	8.77	9.78
61	5.58	6.63	7.88	9.00	10.03
62	5.75	6.83	8.10	9.24	10.28
63	5.92	7.03	8.32	9.49	10.55
64	6.11	7.25	8.56	9.75	10.84
65	6.31	7.48	8.82	10.03	11.14

20 Payment Life

	Cash Dividends at End Year				
Age	1	5	10	15	20
20	3.52	4.03	4.78	5.67	6.73
21	3.55	4.07	4.83	5.73	6.82
22	3.57	4.10	4.88	5.80	6.90
23	3.58	4.12	4.91	5.85	6.98
24	3.60	4.16	4.96	5.92	7.06
25	3.63	4.19	5.01	5.99	7.15
26	3.66	4.23	5.07	6.07	7.25
27	3.68	4.27	5.12	6.14	7.35
28	3.71	4.31	5.18	6.21	7.44
29	3.73	4.34	5.23	6.29	7.54
30	3.76	4.39	5.30	6.37	7.65
31	3.79	4.42	5.35	6.45	7.74
32	3.82	4.47	5.42	6.53	7.85
33	3.86	4.52	5.48	6.62	7.97
34	3.89	4.57	5.55	6.71	8.08
35	3.92	4.62	5.62	6.80	8.19
36	3.96	4.67	5.69	6.89	8.30
37	3.99	4.72	5.76	6.99	8.42
38	4.04	4.78	5.84	7.09	8.54
39	4.07	4.83	5.92	7.18	8.66
40	4.12	4.89	6.00	7.28	8.78
41	4.16	4.95	6.09	7.39	8.91
42	4.21	5.02	6.17	7.49	9.04
43	4.26	5.08	6.25	7.60	9.16
44	4.30	5.15	6.34	7.70	9.29
45	4.36	5.22	6.44	7.81	9.42
46	4.42	5.30	6.53	7.92	9.55
47	4.48	5.37	6.63	8.04	9.69
48	4.53	5.45	6.72	8.15	9.82
49	4.60	5.54	6.83	8.27	9.96
50	4.67	5.63	6.93	8.39	10.10
51	4.74	5.72	7.04	8.50	10.24
52	4.82	5.82	7.15	8.63	10.38
53	4.89	5.91	7.26	8.74	10.52
54	4.99	6.02	7.38	8.88	10.67
55	5.08	6.13	7.51	9.01	10.82
56	5.17	6.24	7.64	9.14	10.97
57	5.27	6.35	7.76	9.26	11.12
58	5.39	6.49	7.91	9.41	11.28
59	5.50	6.62	8.05	9.55	11.45
60	5.62	6.76	8.20	9.69	11.61
61	5.76	6.92	8.36	9.85	11.80
62	5.90	7.08	8.52	10.01	11.98
63	6.06	7.25	8.70	10.18	12.17
64	6.22	7.43	8.88	10.37	12.37
65	6.40	7.63	9.08	10.56	12.58

20 Year Endowment

20	4.52	5.61	7.22	9.15	11.49
21	4.52	5.61	7.22	9.15	11.49
22	4.52	5.61	7.22	9.15	11.49
23	4.52	5.61	7.22	9.15	11.49
24	4.52	5.61	7.22	9.15	11.49
25	4.52	5.61	7.22	9.15	11.49
26	4.52	5.61	7.22	9.15	11.49
27	4.53	5.62	7.23	9.16	11.50
28	4.53	5.62	7.23	9.16	11.50
29	4.53	5.62	7.23	9.16	11.50
30	4.54	5.63	7.24	9.17	11.51
31	4.54	5.63	7.24	9.17	11.51
32	4.55	5.64	7.25	9.18	11.52
33	4.55	5.65	7.25	9.18	11.52
34	4.56	5.66	7.26	9.19	11.53
35	4.57	5.67	7.27	9.20	11.54
36	4.58	5.67	7.28	9.20	11.54
37	4.60	5.69	7.30	9.22	11.56
38	4.61	5.71	7.31	9.23	11.57
39	4.62	5.72	7.32	9.24	11.58
40	4.64	5.74	7.35	9.26	11.60
41	4.65	5.76	7.36	9.27	11.61
42	4.68	5.78	7.39	9.29	11.63
43	4.70	5.81	7.41	9.31	11.65
44	4.72	5.83	7.44	9.33	11.67
45	4.76	5.87	7.47	9.36	11.70
46	4.78	5.90	7.50	9.38	11.72
47	4.82	5.94	7.53	9.41	11.75
48	4.85	5.98	7.57	9.43	11.78
49	4.90	6.03	7.61	9.47	11.82
50	4.94	6.08	7.66	9.51	11.86
51	4.99	6.13	7.71	9.55	11.90
52	5.04	6.18	7.76	9.59	11.94
53	5.09	6.24	7.82	9.63	11.99
54	5.16	6.32	7.89	9.69	12.05
55	5.23	6.39	7.96	9.75	12.11
56	5.31	6.47	8.04	9.81	12.17
57	5.39	6.56	8.12	9.88	12.24
58	5.48	6.66	8.22	9.95	12.32
59	5.58	6.77	8.31	10.03	12.40
60	5.68	6.88	8.42	10.11	12.49
61	5.81	7.02	8.55	10.22	12.60
62	5.95	7.17	8.69	10.34	12.72
63	6.10	7.32	8.84	10.46	12.84
64	6.27	7.51	9.01	10.62	12.99
65	6.45	7.70	9.20	10.78	13.14

Insurance to Age 65 (Male) ($10 Monthly Income)

20	3.37	3.77	4.36	5.06	5.89
21	3.39	3.82	4.43	5.16	6.03
22	3.43	3.87	4.51	5.27	6.18
23	3.47	3.93	4.61	5.40	6.35
24	3.51	3.99	4.69	5.53	6.52
25	3.55	4.06	4.80	5.67	6.70
26	3.59	4.12	4.89	5.80	6.89
27	3.64	4.19	5.00	5.95	7.09
28	3.68	4.26	5.11	6.11	7.30
29	3.74	4.35	5.24	6.29	7.54
30	3.79	4.43	5.36	6.46	7.77
31	3.86	4.53	5.51	6.66	8.04
32	3.91	4.62	5.65	6.87	8.32
33	3.98	4.73	5.81	7.09	8.62
34	4.05	4.83	5.97	7.32	8.93
35	4.13	4.96	6.16	7.58	9.28
36	4.21	5.08	6.35	7.85	9.65
37	4.31	5.22	6.56	8.15	10.05
38	4.40	5.37	6.78	8.46	10.49
39	4.50	5.53	7.03	8.80	10.96
40	4.62	5.71	7.29	9.18	11.49
41	4.75	5.90	7.58	9.59	12.07
42	4.88	6.11	7.90	10.04	12.70
43	5.02	6.33	8.24	10.53	13.38
44	5.20	6.59	8.62	11.08	14.15
45	5.37	6.86	9.04	11.68	14.98
46	5.53	7.12	9.46	12.32	....
47	5.75	7.46	9.98	13.09	....
48	5.98	7.83	10.55	13.94	....
49	6.26	8.26	11.21	14.91	....
50	6.56	8.73	11.95	16.00	....
51	6.92	9.28	12.83	....	....
52	7.33	9.92	13.83	....	....
53	7.75	10.61	14.98	....	....
54	8.31	11.49	16.39	....	....
55	8.93	12.51	18.03	....	....

Getting Business Paid For

Life men have been busy this week attempting to get all issued business paid for by the end of the year.

AGENCY NEWS

End "Spanish War"

The William A. White state agency of the John Hancock Mutual Life held a luncheon party here at the conclusion of a "Spanish War" production campaign. The agency force was divided into two sections, "Rebels" and "Loyalists." Leaonard Gabryelski led the "Loyalists" forces in points and Ned C. Litwack was the leader of the "Rebels."

Honor John A. Ramsay

NEWARK—In recognition of his outstanding work for the Connecticut Mutual Life, John A. Ramsay, general agent at Newark, will be honored at a dinner Jan. 4. Among the speakers will be Peter M. Fraser, executive vice-president; Vincent B. Coffin, second vice-president and superintendent of agencies, and H. N. Chandler, second vice-president. D. B. Maduro, insurance attorney of New York City, has been invited to be toastmaster.

The Ramsay agency has made a remarkable record since Mr. Ramsay took charge last June and in a recent one day drive for new business established a record of more than $575,000 in submitted business.

Akron Agency Is Winner

The Akron agency of the Ohio State Life carried off first honors in the campaign in honor of President Claris Adams. The Victory Trophy will be presented to it at a meeting to be held later, attended by officers of the company.

DuBose Celebrates Record

MILWAUKEE—Frank W. DuBose & Associates, leading general agency of the Old Line Life of America, were honored at a dinner to celebrate the achievement. New paid business exceeded 1936 by more than 25 percent in volume and more than 30 percent in premiums. Guests included President John E. Reilly, James Daggett, executive vice-president; W. J. Moore, secretary; Merle Ryan, treasurer; H. B. Sturtevant, actuary; Dr. W. T. McNaughton, medical director; Paul Parker, agency director, and F. R. Davenport, agency secretary.

Give Dinner for Holderness

H. M. Holderness, superintendent of the Pacific Coast division of the Connecticut Mutual Life, and Mrs. Holderness were guests of honor at a dinner given in Los Angeles by Phinehas Prouty, Jr., a general agent in that city. Other prominent guests at the dinner, with their wives, were: John W. Yates, trustee of the National Association of Life Underwriters and California general agent Massachusetts Mutual Life; W. J. Stoessel, general agent National Life of Vermont; T. G. Murrell, general agent Mutual Benefit Life, and F. M. McMillan, general agent Penn Mutual Life.

New Edition of "Living Trusts"

A new revised edition of "Living Trusts" by Gilbert T. Stephenson has just been published by F. S. Crofts & Co. It is more than 10 years since the first edition was published, during which time many changes have taken place in both "Living Trusts" and "Life Insurance Trusts," particularly as to the forms of recommended life insurance trust agreements, and in the rights reserved by the insured. The new edition brings up to date all of these things as well as all references to income, inheritance, gift and estate taxes. It has 522 pages, nearly 100 more than the old edition. "Living Trusts" is one of the books recommended for study in the C. L. U. and sells at $4. It may be obtained from THE NATIONAL UNDERWRITER.

SALES IDEAS AND SUGGESTIONS

Well Organized Sales Kit Aids Cleveland Agent

There is an answer for every sales situation in the specially designed sales kit of Harry M. Banfield, Phoenix Mutual Life agent in Cleveland. This unique kit is his own personal creation which has been perfected over a period of the past seven years.

Mr. Banfield has no patience with "hit and miss" sales methods. He believes in first carefully analyzing his prospect's requirements and then taking scientific steps to help his prospect secure what he needs. If a case has sufficient promise, several hours or even several days may be spent in preparation.

Experience in Sales Promotion Work Helps

In his previous work in sales promotion, advertising and teaching, Mr. Banfield acquired a peculiarly adapted background for the development of unusual promotional ideas. Upon entering life insurance in 1931, Mr. Banfield soon discovered that the entire sales equipment of most of his brother agents consisted of a company rate book, together with such sales ideas as could be conveniently memorized. He started an immediate search for authoritative answers to the current sales objections offered by his prospects. This information he inserted in a loose leaf folder which he carried in a leather briefcase. Thus, he was never at a loss for a correct answer to a prospect's inquiries or objections. He quickly gained respectful recognition as a man who knew his business. This efficiency enabled him to sell a nice volume of business right from the start, despite the fact that he was a stranger in Cleveland.

Has Information Well Classified For Use

In Mr. Banfield's brief case are six leather bound folios in different colors, each containing a carefully prepared presentation on a single subject. For instance, his folio on estate and inheritance taxes is bound in tan ostrich hide, while the folio dealing with educational trusts is done in red morocco. This makes for instant identification. There is no occasion for fumbling. His precision stimulates confidence. Each presentation was originally prepared for, and used in, closing an actual case and is so worded that it will be found applicable to other cases of a similar nature. The presentations are built around a skillfully planned approach to the subject to be discussed. Only one idea is introduced on a page. Irrelevant thoughts and sales disturbing ideas are thus eliminated.

In Mr. Banfield's folio on income investment plans no mention of life insurance whatsoever appears on the first page. A graph outlining the return on an annual saving of $500 a year invested in stocks, bonds, real estate, mortgages, savings banks, business, etc., compounded at 4 percent interest for 30 years, is introduced. It is pointed out that such an accumulation, if then invested at 4 percent, would provide an income of $97.75 per month. This idea is presented in a manner that will provoke a prospect's questions and encourage him to disclose his personal ideas upon the subject of investments. Page two outlines a life insurance plan indicating that $500 per year invested for 25 years would produce an income return of $110 per month, in addition to the protection afforded in case of death, accident, etc. Page three contrasts the ordinary investment plan shown on page one with the insurance income investment plan shown on page two and ingeniously points out the fact that an insurance company matches the client's investment dollar for dollar and that, at the maturity of the contract, it pays the equivalent of a 4 percent annual return for life on the combined savings. Succeeding pages show how easily such a plan may be started. Here, too, are introduced motivating ideas leading to prompt action. In the same folio, under separate sections, other shorter period life insurance investment plans are presented.

Action Pictures of Stages in Youngster's Growth

Should the prospect be in line for an educational insurance plan, Mr. Banfield can reach for his special folio on that subject. Instead of words, the client views action pictures of Mr. Banfield's own son, Harry, at various periods of his childhood. While looking at these pictures any father is bound to see in them his own son or daughter. His desire to give them every educational opportunity is quickly kindled. Beyond the picture section are other human interest, thought-provoking pages with all the facts and figures pertaining to educational plans.

Mr. Banfield specializes on retirement income and tax problems. His folio on the tax situation covers this difficult subject in a way that is readily understood by the layman. He introduces the federal estate tax enactments as well as the state inheritance tax requirements in simple language and suggests various ways in which such taxes can be lessened or avoided. Case after case of estate settlement plans, taken from actual cases that have been handled by Mr. Banfield, are presented.

The above are just a few samples of what Mr. Banfield's selling kit contains. There are also included letters of commendation from influential clients whose affairs he has handled to their satisfaction. Each letter is encased in an individual cellophane envelope. The letterheads indicate men from many walks of life—bankers, lawyers, sales executives, etc. These letters are used as trump cards on prospects otherwise difficult to sell. He also uses another unusual type of letter which he calls his motivating letter. He prepares such letters prior to important closing interviews. These letters, although prepared by Mr. Banfield, are to be written over the prospect's own signature. It may be an endearing message to the prospect's wife, outlining the life insurance gift which the prospect proposes to make her, or, perhaps a letter to the prospect's son or grandson, explaining the measures he is about to adopt to provide for their future happiness. Such letters go straight to the heart and bring out the real value of life insurance as no mere figures can ever do. They also enable the prospect to feel a personal pride and satisfaction in the good deed he is about to perform.

Mr. Banfield has a wealth of other sales promotion ideas, the possibilities of which can at this time be scarcely approximated because as yet they have never been tried in life insurance selling. He strikingly exemplifies what careful study and planning will do toward building prestige and qualifying an underwriter as an expert in his community.

Mr. Banfield's selling kit contains many other persuasive messages which appeal to the eye as well as the other senses in a simple, understandable and highly effective manner.

Letter from Manager Gives Confidence

What most agents need more than anything else today is confidence in themselves, according to Leslie C. Hatcher, agent of the Northwestern Mutual Life in Detroit. Mr. Hatcher in his first year as an agent made an outstanding record and he is this year going at a great clip. General agents and production managers, he believes, by a simple method can increase the confidence of their agents and stimulate the growth of a self-reliant spirit.

Frequently, says Mr. Hatcher, agents come to him with a proposal to work jointly on cases, dividing commission 50-50. With more confidence in themselves, they would have earned the full commission, he says, for in many cases he finds his services in closing were not needed. "Often I feel guilty when I take these splits," Mr. Hatcher says.

Builds One-Way Confidence

"During the past few years, it has been harder to get business than before, because the buying power of men has been cut very deeply, resulting in fewer prospects. Competition has been keener. Successful salesmen had to have more confidence in themselves plus their 'good company.' If every agent is trained, or will train himself, to believe that there is no finer property than his company's insurance, then I know one way confidence can be manufactured in this agent. From my own experience let me explain as follows:

"I do not believe in making comparative cost statements of the different splendid companies when in competition. I try on the first interview to instill in the prospect's mind that no finer property can be delivered to him than Northwestern. I am a 'one company' man. I tell him with positive assurance that the plan I am going to bring will absolutely stand on its merits 'past or present history.' Now the little, simple idea that this letter is all about is this—it's old, in fact, it has whiskers, but it will work two ways. (I use the name Northwestern Mutual because I am an agent of that company. I mean, however, that agents of the many other splendid companies should be 'one company' men and the name of their company substituted.)

"For these agents who lack confidence, whether in good times or bad, let them take their work, even if it is only one sheet or on the new company forms, to the general agent or the production manager and have a letter written similar to the one enclosed. Here is the result—whether he knows it or not, the general agent or production manager who will take the time to write the letter, is selling the agent the 'company.' The agent goes to his prospect with the backing of his general agent or production manager. He has 100 percent more confidence.

"The letter is the first sheet in his proposal and the first thing the prospect sees. It often takes the place of a second man. Since he has originally told his prospect that he was bringing him wonderful property, he now speaks to his prospect with more positive assurance because his general agent has handed him the letter, discussed the case, and probably said, 'Go get this case, boy, you have a wonderful contract.'

"This will help older men in the field who should be looking for new faces, and the newer men with all new faces to see. It brings the general agent in closer touch with his men and, if at all successful, gets the general agents thinking."

The letter which Mr. Hatcher recommends using is:

"Our agent, Mr. Hatcher, who specializes in investment contracts, brought me the entire proposal he made for you. I have found his work of this kind always perfect. However, due to the fact that certain competitors may attack the genuineness of his figures, he asked me to check his proposal carefully. I have checked these figures in the company's rate and dividend manuals and find them to be as represented. Further, I feel that Mr. Hatcher will continue to have your best interests at heart even after you have made this purchase. You have placed yourself in good hands."

SALES IDEAS OF THE WEEK

Sells an Extra Hundred with Good Success

There are many innovations and talking points regarding option settlements, beneficiaries and such that can be used in selling the large buyer. In selling the small buyer it is not often advisable to program his insurance so that the approach used by Randall W. Nichols, Luxora, Ark., agent of the Pan-American Life, is especially effective as it offers something out of the ordinary. In the company's sales publication, "The Review," Mr. Nichols tells how he offers something special for small buyers by selling a $1,100 policy which he finds is easier to sell than just a $1,000 policy. This $100 extra is also applied to $2,000 and $3,000 contracts. In making the approach he says: "Bill, we are offering a special policy at this time and I know that you will want to take advantage of it. Like myself, I am sure that there are times when your bank account falls short of $100 and if something were to happen to us the wife would suffer a great deal of embarrassment because of the added expense which would be incurred immediately. In this special policy we have a $100 sight draft attached, which your wife could take to your bank and get the needed, ready cash. We will then send her a check for $1,000, and with this she can have enough to live on for a while.

"With every policy you buy from now on I will try to have the company add this extra $100, and in time you will have a nice burial policy along with your regular life insurance."

Qualifications for Success

A successful life insurance man should have:

A Sympathetic Understanding—so that he can appreciate the financial problems his prospects face.

A Better Knowledge of His Business—so that he can be of real help in solving those problems.

An Unlimited Enthusiasm—so that he can rise above discouragements and keep on talking to men who seem indifferent to their families' needs—and

A Willingness to Pay the Price of Success—so that he will do a full day's work every day.—The Columbian.

* * *

Cold canvass stiffens the backbone of a salesman, exercises his mind and ingenuity.

* * *

In selling life insurance it is vitally important to feel the part, to look the part, to act the part—to be "right"—not only one day a week, but at least four days a week.—Pelican.

AGENCY MANAGEMENT

Soper Elected in Los Angeles

Page Is Vice-president and Payton Is Secretary-treasurer—Clarke and Jenkins Talk

Leon A. Soper, Phoenix Mutual Life, was elected president of the Life Insurance Managers' Association of Los Angeles at its luncheon-meeting. Other new officers are: Vice-president, G. H. Page, California-Western States Life; secretary-treasurer, A. E. Payton, New England Mutual Life. Directors: Fred M. McMillan, Penn Mutual Life, and Walter T. Shepard, Lincoln National Life. Carry-over directors are C. H. Carpenter, Canada Life, and James H. Cowles, Provident Mutual Life.

LEON A. SOPER

Walter T. Shepard, retiring president, presided. James H. Cowles was chairman of the nominating committee.

Dwight L. Clarke, executive vice-president of Occidental Life of California, discussed "Our Mutual Problems," outlining fundamentals that have a bearing upon management and progress. Consideration was also given to the problem of obtaining and training new agents, and also how to improve the quality and increase the volume of new insurance written.

V. H. Jenkins, vice-president in charge of production for Occidental Life, said the general opinion is that failures in the business are due to the fact that general agents and managers are not selective enough in their recruiting of agents. Agents should realize the importance of building a clientele of people who are willing to have them handle their individual life insurance problems and have confidence in their ability to do so.

Direct Mail Advertising on Intelligent Basis

Life insurance direct mail advertising has been showing marked progress from the old "it pays to advertise" generalities until it is now used on a systematic and intelligent basis. Some of the life companies have definite plans for the use of direct mail by the agents and they no longer dump a lot of circulars in the general agency office and hope that they will be used. Several companies have direct mail specialists in addition to their regular advertising managers so that the head of the direct mail department not only has time to prepare effective mailing pieces, but he is able to study and promote means for getting them used.

For example, Seneca M. Gamble, head of the direct mail department of the Massachusetts Mutual, made a recent agency trip in which he discussed direct mail possibilities at general agency meetings and was available for individual direct mail consultation. The Massachusetts Mutual has worked out a plan of having a direct mail secretary in its larger offices who devotes the majority of her time in assisting agents in their mailing problems.

Detailed Instructions

The Northwestern Mutual and the Connecticut Mutual both have detailed instructions on how to use direct mail, showing what letters and circulars to be used for different situations or approaches.

Under the Connecticut Mutual Life plan the agent starts using direct mail with 500 carefully selected names. Most of these are on a referred basis and are not just taken from the telephone book promiscuously.

On an average the agent pays a third of the cost and the company two-thirds, although there is a scale which provides for less cost to the new man. The home office sends out all mailings on the general list. The agent calls on the prospects and classifies them for special needs. These specialized mailings are handled at the general agencies. After the mail plan gets under way, the agent's general list averages about 300. All inquiries or return cards are keyed, first with the agency's number and then with the number of the agent. The return cards are addressed to the home office in Hartford. It was found if a local address was used the return was less than 2 percent and if the home office address was used it was increased to 5 percent. It apparently makes no difference where the letters are mailed as the returns show little difference in that regard.

New Provident Manual

The Provident Mutual Life is issuing a new direct mail manual covering the home office reply getting type of direct mail letters, including budget and memorandum book offers and the $10 a month pre-approach letter plan which has been used successfully by Provident Mutual agents. There will also be included "post-approach" letters which are to be sent after the call to summarize the interview, to reinforce the agent's sales talk and to impress upon the prospect the interest and personality of the agent.

Stage Burlesque on Recruiting

Celebrating the completion of four months of intensive study of "Selection of Men," the General Agents & Managers Club of Oklahoma City staged a burlesque based on the subject. The farce, entitled "What a Dream," was produced by Bryan Bowers, Home Life of New York, as the "General Agent"; Burdette Lane, Lincoln National Life, as "Supervisor"; Homer Jamison, Equitable Society, as "Pool Hall Operator," and A. B. Irwin, Northwestern Mutual, as "Taxi Driver." The meeting was the largest of the season.

Eide Heads St. Paul Club

Earl Eide of the Prudential will serve as 1938 president of the St. Paul General Agents & Managers Club. Paul Ledgerwood, New York Life, and O. G. Holmer, State Mutual Life, will be vice-presidents and Hugo Victor, Minnesota Mutual secretary-treasurer.

Linton to Speak in Pittsburgh

The Agencies Committee of the Pittsburgh Life Underwriters Association will meet Jan. 19 to hear M. Albert Linton, president Provident Mutual Life, discuss his book, "Life Insurance Speaks for Itself." Steacy E. Webster, Provident Mutual, newly elected president of the Pennsylvania State Association of Life Underwriters, will be in charge of the program.

Cleveland Club Elects

Lawrence McDonough, Mutual Trust Life, has been elected president of the Cleveland Life Executives Club. Walter Hart, Midland Mutual Life, is secretary.

MANAGEMENT BRIEFS

A Living for Every Man

The first aim of the general agent is to develop his organization so that every man is earning a living, said a million dollar personal producer-general agent. He should select agents on the same basis as he selects prospective buyers. The right type of buyer appreciates life insurance, has the ability to understand its abstract value and has the money to pay for it. An agent must have the urge or the "it" of success. If he has, the general agent can help him and he will accept the help. If he does not have the ability to succeed, there is nothing the general agent can do to make him.

View Clearing House

There is a variance of opinion among managers on the clearing house cashier plan for servicing metropolitan areas where a company has more than one agency.

The manager of one company which has several agencies in one city, but which does not have a clearing house, said that he liked the sense of independence which he thought was essential in managing an agency efficiently. If there is a separate cashier or clearing house department, the manager has to toe the mark and does not have the discrimination in jurisdiction over his policyholders.

A general agent serviced by a clearing house feels it is a step in the right direction because it eliminates much detail from the general agent's work. Too often general agents and managers are only glorified cashiers, he said. By letting the clearing house take care of this work, the general agent and manager can concentrate on selling and sales management.

Plugger System Effective

A general agent in a large city who is developing his agency through the solicitation of rural business, rather than concentrating his activity in the highly competitive urban area, says that the most effective means he has found of getting the kind of business he wants is through the "plugger" system. He contacts desirable men in small towns, asking them for the names of 25 men in the community who are substantial and likely to need life insurance, and an introduction to the men. Commissions are shared on a 50-50 basis. He makes it a point to contact good men who would be interested in going into life insurance selling. The man may be an ambitious young fellow working in the bank or a school teacher who is having a difficult time in maintaining his family on a small salary. When the man goes around with the general agent and begins to share in the commissions, it is not difficult to interest him in becoming a life insurance man. Using this system, he gets good quality business and desirable agents. Farmers now have more money to spend than they have had for some time.

Creates Friendly Rivalry

Care must be taken in promoting sales contests so that friendly rivalry is maintained but at the same time quality of business is not sacrificed, according to one successful general agent. He feels that the contest idea is overdone and he restricts such efforts to two a year in his office. He emphasizes the idea behind the contest is to stimulate business without getting high pressure. The idea of going out among friends and asking for help in winning a contest is absolutely taboo with this general agent. Only prepaid applications with the doctor's recommendation are acceptable in his contest. Life insurance counts volume credit, retirement annuity counts 15 times the annual premium and immediate annuities three-quarters of the premium.

MANAGEMENT SUGGESTIONS

By A. R. JAQUA
Associate Editor Diamond Life Bulletins

Most managers agree that comparatively few agents fail because they can't sell; most agents fail because they haven't sufficient opportunities to sell. That is, most agents don't have enough prospects where there is a definite reason for the call.

So, several of the best agencies in this country have installed a "prospect lead bureau." Most agencies of course furnish some leads; these agencies really go into the matter and usually have a man or girl whose chief job is to supply leads and check results.

One agency uses colored prospect cards; a yellow one for the office file, a blue one for the agent's files, and an orange one to be returned to the prospect bureau with a complete report on the results of his work with the prospect. When an agent gets leads, he is required to give a complete report before getting any more. If he can't sell within a year, the name is given to someone else.

Here are some of the sources of office leads: (1) Family names on application; (2) names on inspection reference blanks; (3) age changes; (4) beneficiary changes; (5) loans made or paid; (6) surender and dividend checks; (7) paid-up or matured policies; (8) term and family income conversions; (9) lapses and any change in premium payments; (10) inquiries and cases from correspondence; (11) death claims.

These are standard sources but some offices go much farther and check newspapers for newcomers to town, promotion, new appointments, births, engagements, marriages. All of this appears to be profitable and it is not unlikely that it will become the regular practice in many more well-organized agencies.

Here is what one agent wrote: "By following each and every one of the leads you gave me I have sold during the past year 32 cases for a total of $70,000 paid business; 19 were non-medical during the two months we issue that on policyholders, additional insurance by use of dividends, age change and conversion of term insurance; nine cases represent leads from policy loan checks and four cases are the result of leads from death claims.

"I am exceedingly grateful for your cooperation and since the 32 cases brought me first-year commissions of $1,493, is there any wonder that I am enthusiastic?"

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LOS ANGELES—Dr. Chas. J. Rockwell, University of Southern California, has announced a course in life insurance fundamentals to be given at University College, 1300 Transportation building, beginning Jan. 4, at 7 p. m. The course will cover: Types of life policies and their correct uses, various forms of annuity contracts and their proper uses, investment and saving contracts, beneficiary options and policy clauses, mathematical basis of insurance contracts, purpose and significance of reserve and surplus, group and industrial insurance plans, and state supervision and regulation of life insurance.

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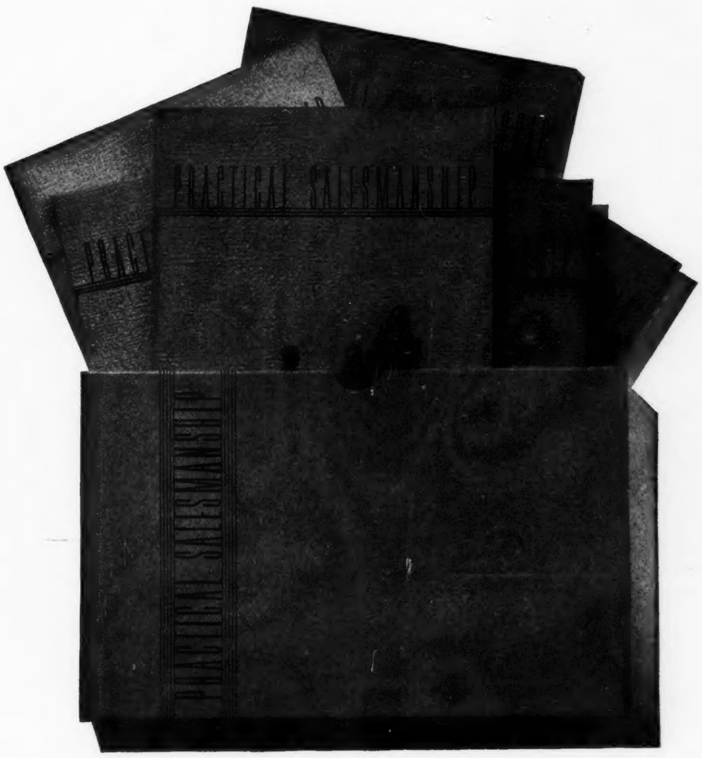

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COMMENTS

M. C. Nelson, Agency Manager, Des Moines, Iowa, says:
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Homer Jamison, Agency Manager, Oklahoma City, Oklahoma, writes:
"I am devoting a morning session of my Educational Conference to a review of the contents of your Course . . ."

Russell S. Moore, Assistant Manager of Agencies, says:
". . . The Course is exactly what the name implies—practical. It is chockfull of ideas and suggestions . . . It is brief, complete and concrete . . ."

Arthur M. Spaulding, Assistant to Agency Vice President, says:
". . . We are proud of the thorough job Denny Nelson has done . . ."

An Agent says:
"I never dreamed that it would be possible to condense as many practical suggestions and selling points in such a small space as Denny Nelson has done."

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